

27. Cost of living for Tokyo wage earners in June was estimated, on the basis of Cabinet Bureau of Statistics data, at about 40 times that in 1937 and about 15 times that prevailing at the end of the war. Greatest element in the cost-of-living rise was food, which in May cost 65 times that in 1937 and 25 times that at the end of the war. With the release of imported foodstuffs the survey showed a drop in June in food prices to only 20 times the prices at the war's end.

For details of the cost-of-living statistics see "Consumer Price Index", page 189 of this report.

EMPLOYMENT AND UNEMPLOYMENT

Unemployment

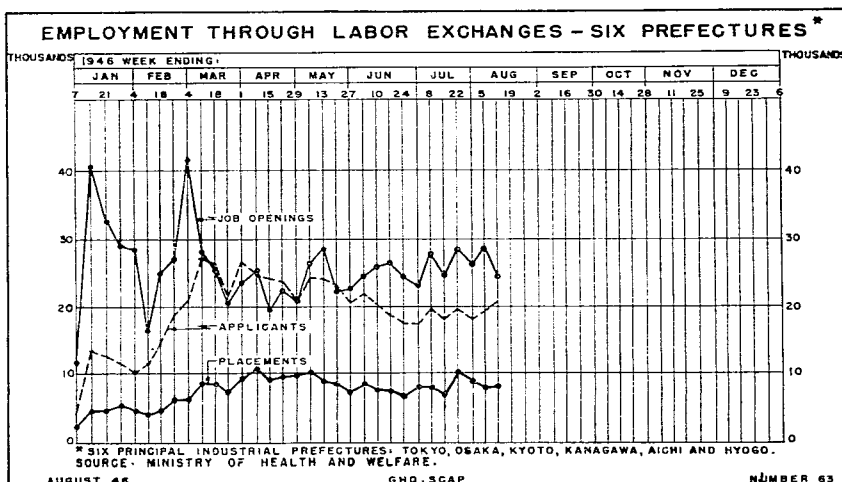
28. The Ministry of Health and Welfare estimated that by the end of 1946 the number of unemployed would approximate 5,800,000 as a result of the conversion to a peacetime economy involving the cancellation of war-indebtedness claims, removal of plants for reparations, completion of the repatriation program and discharge of surplus government workers.

The effect of reconversion was expected to be particularly noticeable in the merchant marine and rail transport industries. The Civilian Merchant Marine Committee stated that there would be no work for a large percentage of the seamen engaged in the repatriation program. Officials of government railways announced that it would be necessary to release some 130,000 women and young boys hired during the war because of the return of prewar employees from military service.

29. In an effort to ease this impending unemployment the Government presented a plan of countermeasures to the Diet including provision for government assistance and encouragement to private industry, particularly coal, fertilizer and foodstuffs, to increase production to absorb an estimated 1,410,000 workers.

Employment Exchange Activities

30. Placement of job applicants by employment exchanges continued at a low level during late July and early August, as shown by the following chart.



Textile Recruitment

31. In spite of efforts to recruit textile workers the number employed in the entire industry dropped from 293,289 women and 87,162 men in June to 280,747 women and 82,169 men in July.

The Textile Rehabilitation Committee, organized in May to facilitate recruitment in certain phases of the textile industry, requested the Cabinet to take emergency measures.

32. In the cotton spinning and weaving industry only 5,196 women and 734 men were recruited during July as against 3,478 women and 307 men leaving their jobs. Total employment in the industry was brought up to 80,517 women and 15,859 men.

During July the silk reeling industry recruited 5,694 women and 1,084 men, while 2,257 women and 384 men left. This fell slightly below the July goals which called for an increase of 3,700 women and 250 men.

The textile labor shortage was attributed to scarcity of food, which caused a large number of workers to leave their jobs and increased absenteeism. In 30 percent of all spinning mills the two-shift system was dropped.

LABOR FOR THE OCCUPATION FORCES

33. Regulations put into effect by the Central Liaison Office during July provided an increment of ¥ 50 per month in regular wages for workers who had been employed by the Occupation Forces for six months. The family allowance was increased from ¥ 20 to ¥ 40 per dependent per month.

ADMINISTRATION

34. Director-General Keinosuke Zen of the Economic Stabilization Board appointed Juitsu Kitacka, formerly Japanese Government representative to the International Labor Organization and postwar vice-president of the Housing Corporation, as chief of the Labor Division of the Economic Stabilization Board.

MISCELLANEOUS

35. The Report of the Labor Advisory Committee from the United States was made public on 22 August. The Committee emphasized the importance of a strong labor movement and adequate labor legislation in Japan, pointed out that remarkable progress had been made in removing obstacles to democratic labor organization and made the following major recommendations:

- (1) Action by employers and unions to reduce employer domination of unions, strengthen financial independence of unions and increase the use of grievance machinery and collective bargaining agreements.
- (2) Extensive labor educational activity.
- (3) Vigilant attention to prevent gradual resumption of police interference in labor matters.
- (4) Further development of machinery for conciliation, mediation and arbitration of labor disputes.
- (5) Revision of Trade Union Law to establish majority rule in collective bargaining, strengthen the Labor Relations Committees and require the employer to bar-

gain collectively with his employees in "good faith."

- (6) Co-ordination of employment policies with expansion of essential production and an aggressive program of public works to aid production and distribution of food, clothing, shelter and fuel.
- (7) Rationalization of the wage structure, legal prohibition of discrimination in wages by reason of sex and ultimate establishment of minimum wage levels.
- (8) Expansion and consolidation of existing protective legislation to extend coverage to all workers, prevent labor contracts which imply involuntary servitude or other abuses, provide overtime pay equal to time and a half, guarantee one day of rest per week and annual paid vacations, protect woman and child labor and protect personal freedom of workers living in dormitories.
- (9) Strengthening of the public labor exchange system and elimination of labor bosses and other archaic methods of recruitment.

SECTION 9
IMPORTS AND EXPORTS

C O N T E N T S

	Paragraph
Trade Policy and Planning	2
Exports	3
Imports	9

1. In the first 15 days of August more than one ship a day arrived carrying cereals, army food stocks, phosphate rock and raw cotton from the United States, salt from China and graphite from Korea.

TRADE POLICY AND PLANNING

2. Purchasing missions from Burma and Hongkong visited SCAP in August for the purpose of making preliminary arrangements to purchase cotton, linen and other textiles. Samples of pottery, drugs and other consumer goods were forwarded to Hongkong.

EXPORTS

3. The following table shows exports from Japan during July and the first half of August.

<u>EXPORTS</u>			
<u>Country and Commodity</u>	<u>Unit</u>	<u>July</u>	<u>1-15 Aug</u>
<u>China</u>			
Timber, mining	piece	182,800	107,300
Detonators, electric	piece	300,000	-
Dynamite	case	3,572	-
<u>Hongkong</u>			
Coal	metric ton	9,972	9,100
<u>United States</u>			
Agar-agar	pound	13,225	-
Antimony	pound	1,156,696	-
Lead	pound	14,331,766	2,759,273
Rubber	metric ton	5,217	1,013
Tin	pound	4,119,505	3,308,314
Rabbit hair, Angora	pound	5,600	-
Silk, raw	bale/case	6,523	3,934
Samples, handicraft	case	44	11
<u>Korea</u>			
Aluminum sulfate	metric ton	792	-
Asphalt	metric ton	-	10
Butyl acetate	pound	2,205	-
Calcium carbonate	metric ton	150	-
Gypsum	metric ton	600	-
Hydrochloric acid	metric ton	4	-

<u>Country and Commodity</u>	<u>Unit</u>	<u>July</u>	<u>1-15 Aug</u>
<u>Korea (continued)</u>			
Ink, printing	pound	800	-
Magnesium carbonate	metric ton	100	-
Mercury	metric ton	-	5
Phosphorus pentachloride	metric ton	1	-
Apparatus, electric	metric ton	32	-
Battery	piece	14,700	-
Bicycle parts	case	937	-
Fuse	case	1,999	-
Headlights	case	16	-
Lamp, electric	case	37	-
Lamp, line	piece	15,000	-
Lamp, pilot	piece	5,572	-
Meteorological equipment	metric ton	6.8	-
Bamboo	bundle	20,554	-
Coal	metric ton	35,000	25,000
Iron pyrites	metric ton	-	3,505
Poles, telephone	piece	3,000	-
Seeds, mulberry	pound	3,000	-
Cloth, cotton	yard	981,795	-
Cloth, wool serge	yard	26,000	-
Navy uniforms, hats, caps and accessories	metric ton	103	20
Paper, cigarette	pound	-	593,037
Locomotives and tenders	each	2	-
Locomotive frame	each	1	-

4. Bamboo grass rakes and Christmas tree light bulbs have been offered to the United States Commercial Company for possible shipment to the United States. Camphor, menthol, paraffin wax and duplicator stencil paper are among the items accepted for export and awaiting shipping space.

5. The first postwar shipment of tea from Japan to the United States was made on 17 August and another 15,000 cases are scheduled for August shipment.

6. Reproductions of recordings of native Korean music are being manufactured in Japan for the Korean Broadcasting System. The initial shipment was made in August.

7. Three hundred bales of raw silk were shipped to Australia in late August. This is the first postwar shipment of raw silk from Japan to a country other than the United States.

8. The first shipment of rayon for China on an order for 1,800,000 pounds went forward the last week of August.

IMPORTS

9. The following table shows imports received during July and the first half of August.

IMPORTS

<u>Country and Commodity</u>	<u>Unit</u>	<u>July</u>	<u>1-15 Aug</u>
<u>China</u>			
Phosphate rock	metric ton	3,600	0
Salt	metric ton	12,507	4,656
<u>Hongkong</u>			
Biscuits	pound	220,500	-
Vegetables	pound	1,102,500	-
<u>Korea</u>			
Fish, fresh	pound	346,789	-
Graphite	metric ton	0	1,080
<u>United States a/</u>			
<u>Food</u>			
Beans	pound	24,188	-
Corn	pound	91,477,160	103,759,040
Flour	pound	55,166,380	56,616,000
Foodstuff, misc	pound	164,427,200	93,972,480
Wheat	pound	219,727,907	126,002,240
Cotton, raw	bale	140,005	51,103
Phosphate rock b/	metric ton	8,415	9,131
<u>Petroleum products</u>			
Oil, fuel	barrel	175,840	87,920
Oil, lubricating	gallon	119,345	53,066

a/ Includes goods supplied from local U.S. military stocks and goods obtained by U.S. Government agencies from areas outside the United States in addition to goods shipped from the U.S. Proper.

b/ From Kita Daito and North Africa.

10. The first shipment of phosphate rock from the continental United States reached Japan in August and the first shipment of phosphate from Angaur is enroute to Japan.

11. Arrangements have been made to import 800 tons of talc from Korea for use in the manufacture of DDT dusting powder.

12. Three ships carrying Formosa salt were enroute to Japan during August.

13. On the receipt of samples and quotations from India SCAP ordered 23,000,000 surplus burlap sand bags for use in Japan for shipping cement and other commodities.

SECTION 10

RATIONING AND PRICE CONTROL

C O N T E N T S

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Fertilizer.	29
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Establishment of Price Board

1. The Japanese Government established a Price Board at Cabinet level on 12 August. It will operate under the policies established by the Economic Stabilization Board and is responsible for administering commodity price controls in Japan.

2. There are eight regional price boards responsible for administering price controls in the various economic regions throughout Japan. They are located in Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka and Sapporo. This is the first attempt by the Japanese Government to establish a powerful independent agency to administer price controls.

FOOD

The Food Crisis

3. In August the food situation continued to deteriorate to a new low. Consumption of imported foods reached its highest level; receipts of fresh vegetables and fresh fish were lower; government stocks of staple foods were about the same. Because of the release of imported foods there was still no general starvation.

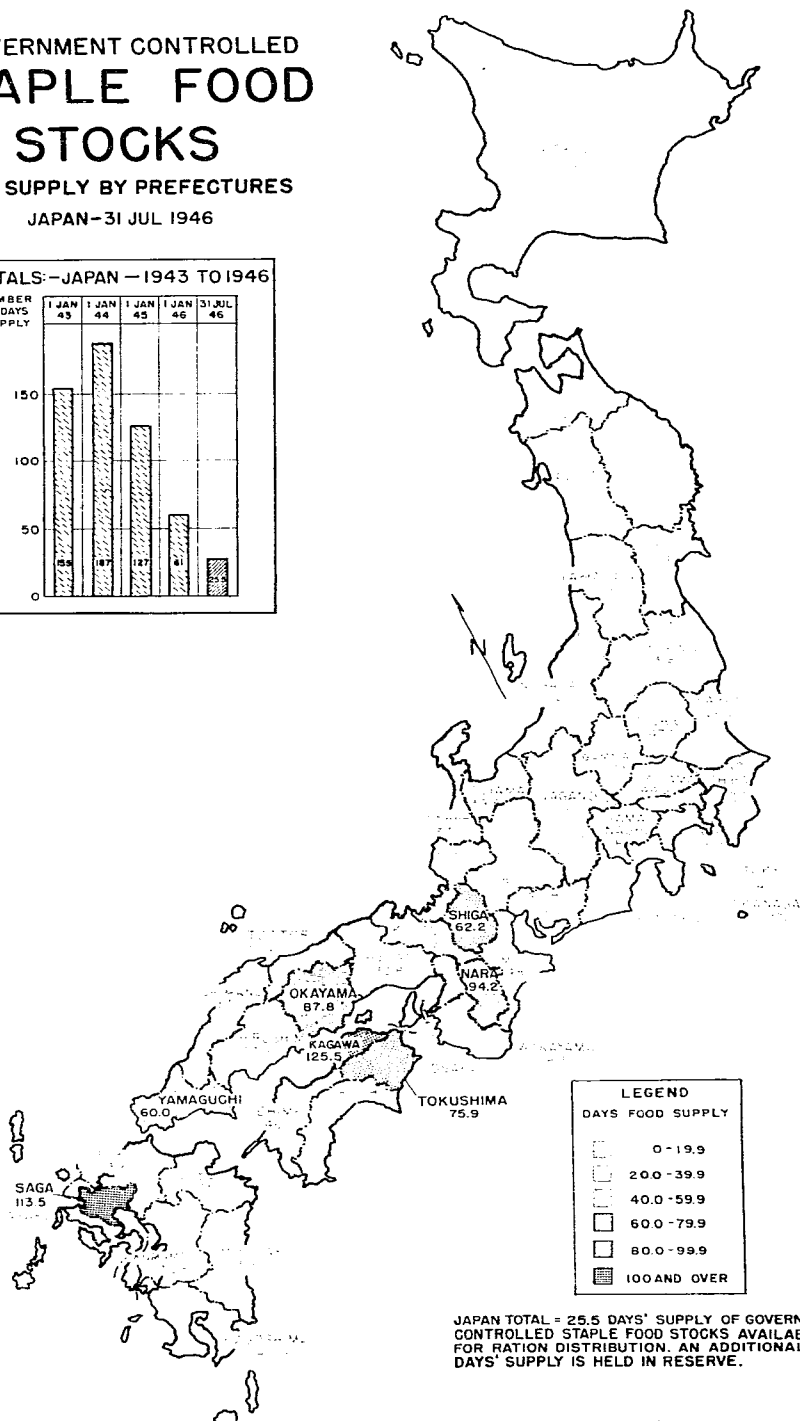
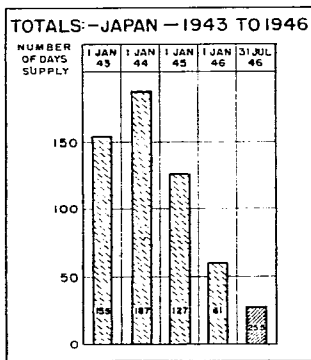
Staple Foods

4. The Japanese Government collected 15,000 metric tons in rice equivalents of staple foods in August.

5. Staple foodstuffs under government ownership 31 July equaled 25.5 days' supply. Quantities on hand varied from 7.1 days' supply in Tokyo Prefecture to 114.1 days' supply in Kagawa. See chart, page 182. Supplementary rations for heavy laborers in essential industries had again to be curtailed in August.

GOVERNMENT CONTROLLED STAPLE FOOD STOCKS

DAYS' SUPPLY BY PREFECTURES
JAPAN-31 JUL 1946



LEGEND
DAYS FOOD SUPPLY

[Dotted pattern]	0 - 19.9
[Horizontal lines]	20.0 - 39.9
[Vertical lines]	40.0 - 59.9
[Diagonal lines /]	60.0 - 79.9
[Diagonal lines \]	80.0 - 99.9
[Cross-hatch pattern]	100 AND OVER

JAPAN TOTAL = 25.5 DAYS' SUPPLY OF GOVERNMENT CONTROLLED STAPLE FOOD STOCKS AVAILABLE FOR RATION DISTRIBUTION. AN ADDITIONAL 7.3 DAYS' SUPPLY IS HELD IN RESERVE.

SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY
AUGUST 46

GHO-SCAP

NUMBER 64

RELEASES OF STAPLE FOOD ^{a/}
April-August
(metric tons)

<u>Month</u>	<u>Cereals</u>	<u>Imported</u>			<u>Domestic</u>
		<u>Foods</u>	<u>Total Actual Tonnages</u>	<u>Total in Rice Equivalents b/</u>	<u>Rice Equivalents</u>
April	7,892	0	7,892	7,892	476,250
May	8,844	0	8,844	8,844	458,400
June	46,594	1,923	48,517	47,556 <u>c/</u>	451,700
July	157,435	17,273	174,708	166,072 <u>c/</u>	319,800
August	164,071 <u>d/</u>	49,943	214,014	179,182 <u>e/</u>	359,550
Total	364,836	69,139	453,975	409,546	2,065,700

- a/ Excluding the release of small quantities of spoiling army food-stuffs.
- b/ Including canned foods reduced to rice equivalents.
- c/ In the absence of detailed inventory information in the case of canned foods, the rice equivalent is computed to be 50 percent of actual weight.
- d/ Includes 700 tons of imported soybeans.
- e/ The conversion of canned foods to rice equivalents is based upon the actual caloric equivalents of the various categories into which the canned foods have been divided.

SOURCE: Imported foods, SCAP; domestic foods, Ministry of Agriculture and Forestry.

8. The quantity of imported and army excess foodstuffs on hand 21 August is shown below:

IMPORTED FOOD ON HAND	
21 August	
(metric tons)	
Cereals held by Japanese Government	124,858
Imported cereals held by U. S. Army	<u>53,800</u>
Total imported cereals	178,658
Canned foods (actual tonnage)	<u>72,055</u>
Total imported food on hand	250,713

In rice equivalents, the total on hand was 214,685 metric tons compared with 147,255 metric tons on hand 20 July.

9. Canned foods became an increasingly significant factor in meeting the food deficit. From June through August 69,139 metric tons of canned foods were authorized for distribution. The large-scale release of canned foods created problems in distribution and consumption not encountered in the rationing of cereals. The canned foods were divided into categories according to type of food and caloric equivalents. An educational program was launched familiarizing the people with the various categories and with methods of preparation. In addition each can was labeled as imported food and resale was forbidden.

Fresh Vegetables

10. Total vegetable distribution through official ration channels in the major cities during July was 12,499 metric tons, a slight decrease from the June figure. Daily per capita ration consumption was 50 grams as compared with a daily average of 70 grams for the first half of 1946. See chart, page 186. Hot weather limited supply in Osaka, Kobe and Kyoto.

11. On 1 August a detailed plan for control of vegetables and fruits became effective. Definite monthly quotas were set for the various producing areas to help maintain a steady flow of fresh vegetables to the cities.

12. A new price control system for fruits and vegetables was established during July. Japan was divided into eight zones which correspond roughly to the administrative districts. Prices to both producers and consumers are set for each zone, taking into consideration seasonal variations in production and the types and quality of the vegetables. Provision was made for intraprefectural shipment, transportation charges, loss of weight in shipment and wholesalers' and retailers' commissions.

13. An important feature of the new control was a subsidy of 30 percent to producers who supply large urban consuming areas. The Japanese Government appropriated ¥ 39,000,000 for the subsidy program through 31 October.

Fresh Fish Supply

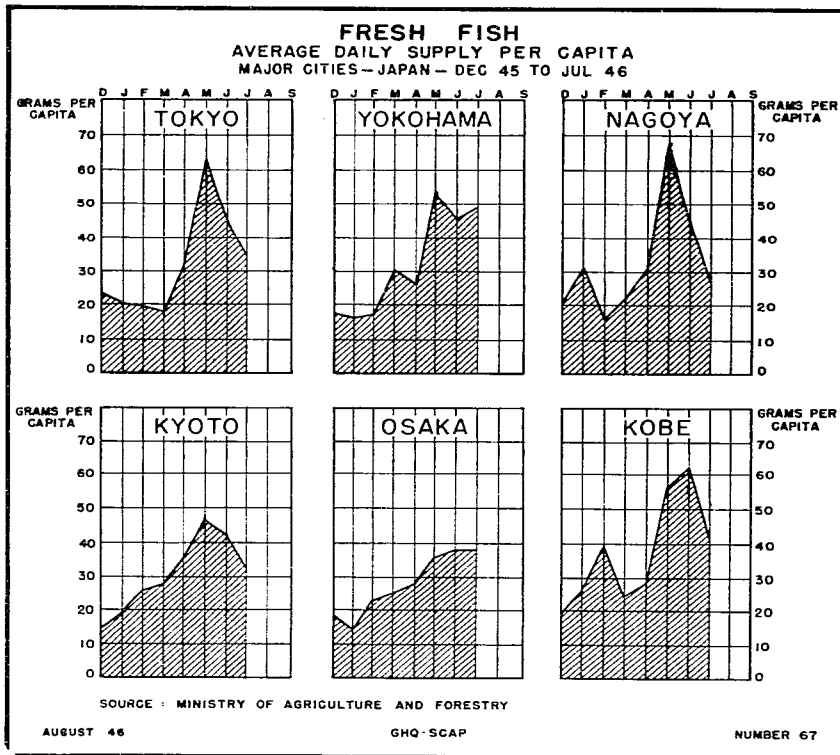
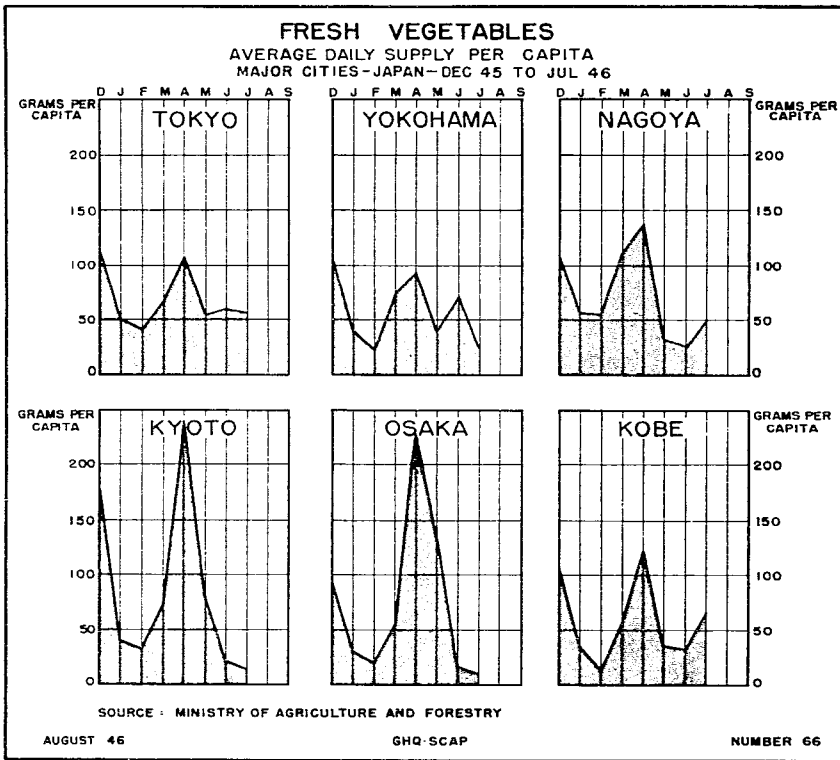
14. The total July distribution of fresh fish to the major cities was 4,813 metric tons, 82 percent of June distribution. The per capita daily consumption was 37 grams compared with a daily average of 31.4 grams for the first half of 1946. Daily per capita distribution of fresh fish to the major cities for December 1945 through July is summarized in chart, page 186.

15. During July the biggest problem in fish distribution was spoilage. There was a shortage of ice, both at the fishing ports and in the cities, and a shortage of refrigerator cars. At the discretion of the prefectural governors, unrationed sales of fish by the official retail dealers were authorized at times when the rationing system was too slow to prevent spoilage.

16. A new price schedule covering fresh fish, shellfish and cuttlefish became effective in August. Although ceiling prices are substantially the same the new control is expected to be more effective, since it regulates prices at both the fishing ports and the consuming areas. The prices established 10 March are still in effect, with minor changes.

Processing of Imported Soybeans

17. The Japanese Government was authorized on 21 August to distribute miso, oil, and soy-cake processed from approximately 700 metric tons of imported soybeans. On 31 August authorization was given to process an additional 500 tons of imported soybeans into miso and oil. These products are to be distributed under suitable surveillance through official rationing channels at official prices.



FOOTWEAR

Requirements

18. The annual requirement for leather shoes is estimated at 11,000,000 pairs, or one pair to every seven persons. The requirement is divided as follows: men 6,000,000, women 2,000,000 and children 3,000,000. Figures on rubber footwear, including jikatabi or rubber-soled socks, are not available, but the principal users are laborers, farmers, fishermen, miners and school children. Jikatabi requirements per capita vary from two to eight pairs a year, with miners and forestry workers requiring eight pairs. Students and teachers require three pairs of rubber-soled canvas shoes annually.

Distribution

19. Officially reported production of leather shoes is now about 3,000,000 pairs annually, far below requirements. Available supplies are rationed by groups of users according to the following schedule:

	<u>Percent</u>
Agriculture and fishing	15
Industries	25
Transportation and communication	10
War sufferers	20
Repatriates	10
Students	10
"White collar" employees	10

Durability

20. Because of inferior tanning and materials and the use of pig and shark skin to replace imported leather, the durability of leather shoes has decreased by about one fourth. Shoes which formerly lasted two years now last only a year and a half. Durability of rubber footwear has decreased from 20 to 50 percent compared with prewar years, primarily because of the use of rubber which deteriorated from storage during the war.

Illegal Sales

21. The principal source of black-market operations in leather shoes is the "home" industries. It is estimated that 3,000,000 pairs of handmade leather shoes are being marketed annually through illegal channels, at prices of ¥ 500 to ¥ 1,000. The makers are not members of the control union and therefore do not report to the Ministry of Commerce and Industry.

22. Small "home" manufacturers in Kobe and Osaka are reported to be the principal source of black-market rubber footwear. Three thousand such producers in Osaka recently affiliated and joined the Rubber Control Union; Kobe manufacturers are planning to follow suit. This action will bring these small producers into controlled channels of distribution and should dry up the source of such black-market goods.

23. Immediately after the war illegal operations took place in army and navy hides, leather and shoes. Shoemakers also illegally bought leather from civilian suppliers for new production. It is estimated that from these two sources some 20,000 pairs of shoes are sold each month through black-market channels.

Prices of Footwear

24. Legal prices of footwear are the same throughout Japan. Official ceiling prices and black-market prices are indicated in the table, page 192, under "Leather Goods" and "Rubber Goods."

PRICE CONTROL

Price History of Consumer Goods

25. Price trends of major consumer goods from September 1939 to August 1946 are shown in the table below. In 1939 an official price freeze was placed on most consumer goods; this was not changed until September 1945. The next general increases took place in November and December 1945; prices were again raised in March and May of 1946.

Percentage increases in prices of selected consumer goods between September 1945 and August 1946 are given in the following table:

INCREASE IN PRICES OF SELECTED CONSUMER GOODS September 1945 to August 1946

<u>Item</u>	<u>Percent Increase in Legal Retail Price</u>
Kitchenware	
Rice warmer, aluminum, 22 centimeters	603.8
Tea kettle, almite, 2 liter	748.6
Leather goods	
Shoes, machine made, men's	177.8
Shoes, machine made, women's	214.7
Gloves, industrial	196.4
Bicycle saddle	261.2
Rubber goods	
Auto tires	372.3
Auto tubes	713.1
Rubber-soled canvas shoes	400.0
Miscellaneous	
Matches	323.5
Needles	614.3
Radio, National type I, II	633.5
Soap, toilet	650.0
Umbrella, Japanese general type	522.8

SOURCE: Ministry of Finance.

Cost-of-Living Index

26. The Japanese Cabinet Bureau of Statistics has prepared a cost-of-living index for wage earners in Tokyo, using July 1937 as a base period. June and December indexes are given for each succeeding year until 1946, when each month through June is shown.

In June the index for all cost-of-living items was 4,000, which was a decrease from the 4,970 index in May. Food cost had increased the most, with an index of 5,130; clothing next, 3,510; then fuel and light, 1,370; housing, 700; and other, 1,240. The table below gives details.

CONSUMER'S PRICE INDEX FOR WAGE EARNERS IN TOKYO
(July 1937 = 100)

	<u>Total</u>	<u>Food</u>	<u>Housing</u>	<u>Fuel and Light</u>	<u>Clothing</u>	<u>Other</u>
1937 Jul	100	100	100	100	100	100
Dec	104	104	100	112	102	104
1938 Jun	109	109	102	114	122	106
Dec	113	113	103	114	135	108
1939 Jun	119	120	106	115	147	108
Dec	132	137	108	124	163	109
1940 Jun	149	155	114	141	196	121
Dec	146	149	114	139	197	122
1941 Jun	150	155	117	132	203	123
Dec	153	158	118	136	217	125
1942 Jun	152	154	119	136	223	132
Dec	157	160	120	139	224	134
1943 Jun	169	175	123	141	231	143
Dec	178	185	125	159	238	146
1944 Jun	208	219	126	171	278	169
Dec	262	275	128	275	386	195
1945 May	254	254	163	150	542	219
1946 Jan	2,670	3,340	550	760	3,150	870
Feb	3,990	5,080	650	1,120	3,730	1,400
Mar	3,590	4,500	670	1,540	3,280	1,390
Apr	4,070	5,160	670	1,550	4,550	1,120
May	4,970	6,580	610	1,380	3,480	1,160
Jun	4,000	5,130	700	1,370	3,510	1,240

SOURCE: Bureau of Statistics.

RENTS

Rental Index

27. Rental indexes of seven of the 24 cities in the Japanese cost-of-living index continued to rise during July, while indexes of 17 cities remained stable. Prior to January 1945, data about rents paid were supplied by the landlord. Since then in about 50 percent of the cases the tenants have supplied the information. Analysis of data received since January 1945 indicates that prior to that date, reported rental increases were less than actual increases. Rental trends in the 24 cities are shown in chart, page 190.

Hotel Charges

28. Hotel charges continued to be set at the discretion of the various prefectural governments. Between June and August legal maximum hotel charges rose in 14 of the 24 Japanese cities surveyed. Most of the 24 cities have six classes of hotels and one to three grades of hotels within each class. Maximum legal rates are established for each grade of hotel within the various classes. Chart, page 190, indicates the trend of legal hotel charges in first-class, first-grade hotels and third-class, first-grade hotels. The rates include room, breakfast and dinner charges.

PRICES OF RATIONED CONSUMER GOODS, 1939 TO 1946
(yen)

Rationed Article	Unit	Size	Date	Official Ceiling Price				Average Black-Market Price
				Manufacturer	Control Body	Wholesale	Retail	
Kitchenware								
Buckets								
Galvanized	ea	8 lit	Sep 39	.48	-	.54	.85	65.00
			Sep 45	1.33	1.50	-	1.85	
			Dec 45	5.40	6.09	-	7.30	
			Aug 46	10.00	11.20	-	13.80	
Galvanized	ea	13 lit	Sep 39	.53	-	.70	1.10	90.00
			Sep 45	1.53	1.84	-	2.30	
			Dec 45	6.50	7.87	-	9.00	
			Aug 46	14.10	15.40	-	19.40	
Iron plate	ea	8 lit	Sep 39	.57	-	.63	.81	
			Sep 45	.94	1.06	-	1.32	
			Dec 45	4.10	4.71	-	5.70	
			Aug 46	17.00	18.40	-	17.90	
Iron plate	ea	13 lit	Sep 39	.75	-	.83	1.18	
			Sep 45	1.26	1.42	-	1.78	
			Dec 45	5.20	5.98	-	7.20	
			Aug 46	17.50	19.80	-	24.20	
Kettles								
Enamel	ea	2 lit	Sep 39	.44	-	.49	.65	
			Sep 45	4.80	5.60	-	7.00	
			Dec 45	8.00	9.60	-	11.90	
			Aug 46	16.00	18.90	-	22.70	
Aluminum (rice warmer)	ea	22 cm	Sep 39	2.66	-	2.95	3.69	200.00
			Sep 45	2.84	3.29	-	3.95	
			Dec 45	9.61	10.99	-	13.20	
			Aug 46	21.42	25.46	-	27.80	
Albite	ea	22 cm	Sep 39	3.82	-	4.24	5.30	
			Sep 45	4.08	4.73	-	5.68	
			Dec 45	12.61	14.35	-	17.20	
			Aug 46	28.02	30.82	-	36.40	
Albite	ea	24 cm	Sep 39	n/a	-	-	-	
			Sep 45	n/a	-	-	-	
			Dec 45	16.19	18.13	-	21.80	
			Aug 46	35.41	38.45	-	46.00	
Aluminum	ea	24 cm	Sep 39	n/a	-	-	-	
			Sep 45	n/a	-	-	-	
			Dec 45	12.71	14.24	-	17.10	
			Aug 46	27.76	30.44	-	36.00	
Enamel	ea	26 cm	Sep 39	.46	-	.51	.68	
			Sep 45	10.60	12.70	-	15.20	
			Dec 45	12.00	14.40	-	17.30	
			Aug 46	22.50	26.60	-	31.90	
Albite (tea)	ea	2 lit	Sep 39	2.07	-	2.30	2.68	
			Sep 45	2.51	2.91	-	3.50	
			Dec 45	9.05	10.14	-	12.20	
			Aug 46	22.91	25.20	-	29.70	
Aluminum	ea	2 lit	Sep 39	1.53	-	1.70	2.12	120.00
			Sep 45	2.03	2.35	-	2.82	
			Dec 45	7.87	8.81	-	10.60	
			Aug 46	19.45	21.62	-	25.50	
Lunch boxes								
Albite	ea		Sep 39	.75	-	.82	1.03	
			Sep 45	.85	.98	-	1.18	
			Dec 45	2.72	3.05	-	3.70	
			Aug 46	5.98	6.58	-	7.80	
Aluminum	ea		Sep 39	.43	-	.48	.60	
			Sep 45	.66	.74	-	.77	
			Dec 45	1.83	2.05	-	2.50	
			Aug 46	4.02	4.44	-	5.20	
Pans								
Albite	ea	26 cm	Sep 39	2.25	-	2.53	3.16	
			Sep 45	2.52	2.92	-	3.51	
			Dec 45	7.86	8.80	-	10.60	
			Aug 46	17.21	18.93	-	22.30	
Aluminum	ea	22 cm	Sep 39	1.50	-	1.67	2.09	
			Sep 45	1.83	2.12	-	2.55	
			Dec 45	6.19	6.93	-	8.30	
			Aug 46	13.54	14.90	-	17.60	
Enamel	ea	22 cm	Sep 39	.56	-	.62	.83	
			Sep 45	3.80	4.60	-	5.50	
			Dec 45	5.50	6.60	-	7.90	
			Aug 46	4.50	5.30	-	6.40	
Fig-iron	ea	26 cm	Sep 39	1.40	-	1.56	1.73	
			Sep 45	4.30	5.20	-	6.60	
			Dec 45	4.30	5.20	-	6.60	
			Aug 46	12.50	14.30	-	17.50	

Rationed Article	Unit	Size	Date	Official Ceiling Price				Average Black-Market Price
				Manufacturer	Control Body	Wholesale	Retail	
Kitchenware								
Pots								
Alumite	ea	26 cm	Sep 39	5.52	-	6.24	7.80	
			Sep 45	5.33	6.18	-	7.42	
			Dec 45	27.19	30.45	-	36.50	
			Aug 46	40.38	44.42	-	52.90	
Aluminum	ea	26 cm	Sep 39	3.21	-	3.57	4.46	
			Sep 45	4.13	4.79	-	5.75	
			Dec 45	24.30	27.22	-	32.70	
			Aug 46	34.02	37.42	-	44.20	
Fig-iron	ea	26 cm	Sep 39	2.80	-	3.13	3.93	
			Sep 45	11.70	14.10	-	17.90	
			Dec 45	11.70	14.10	-	17.90	
			Aug 46	31.70	36.20	-	44.20	
Wash basins								
Alumite	ea	32 cm	Sep 39	n/	-	-	-	
			Sep 45	n/	-	-	-	
			Dec 45	7.00	7.84	-	9.40	
			Aug 46	15.32	16.85	-	19.90	
Aluminum	ea	32 cm	Sep 39	n/	-	-	-	
			Sep 45	n/	-	-	-	
			Dec 45	5.38	6.03	-	7.20	
			Aug 46	11.76	12.94	-	16.90	
Enamel	ea	32 cm	Sep 39	.18	-	.20	.37	
			Sep 45	2.10	2.50	-	3.00	
			Dec 45	-.00	4.80	-	5.80	
			Aug 46	7.70	9.10	-	10.90	
Leather goods								
Shoes								
Handmade, men's	pr		Sep 39	-	-	14.55	19.90	
			Sep 45	27.90	-	-	36.00	
			Dec 45	45.70	-	-	60.00	800.00
			Aug 46	125.00	90.00 b/	-	100.00	500.00
Handmade, women's	pr		Sep 39	-	-	-	17.90	
			Sep 45	-	-	-	28.60	
			Dec 45	30.70	-	33.20	48.50	
			Aug 46	112.50	81.00 b/	-	90.00	650.00
Machine-made, men's	pr		Sep 39	-	-	14.55	19.90	
			Sep 45	27.90	29.40	30.40	36.00	
			Dec 45	46.70	47.70	-	60.00	800.00
			Aug 46	110.00	90.00 b/	-	100.00	500.00
Machine-made, women's	pr		Sep 39	-	-	-	16.45	
			Sep 45	22.20	23.40	24.30	28.50	
			Dec 45	37.46	38.16	-	48.00	800.00
			Aug 46	99.00	81.00 b/	-	90.00	500.00
Gloves, industrial	pr		Sep 39	-	-	-	-	
			Sep 45	11.20	11.85	-	11.85 g/	
			Dec 45	11.20	11.85	-	11.85	
			Aug 46	31.36	35.12	-	35.12	120.00
Aprons	ea		Sep 39	2.05	2.30	-	2.30 g/	
			Sep 45	2.23	2.50	-	2.50	
			Dec 45	9.75	10.93	-	10.93	
			Aug 46	9.75	10.93	-	10.93	
Bicycle saddles	ea		Sep 39	-	-	-	15.54	
			Sep 45	12.00	13.20	-	18.84	
			Dec 45	12.00	13.20	-	18.84	
			Aug 46	54.50	59.15	-	68.05	
Rubber goods								
Auto tires	ea	32" x 6"	Sep 39	85.00	-	-	98.00	
			Sep 45	150.00	153.00	168.75	168.75	
			Dec 45	275.00	285.00	313.50	313.50	
			Aug 46	700.00	724.50	797.00	797.00	2,000.00
Auto tubes	ea	32" x 6"	Sep 39	7.70	-	8.50	8.50	
			Sep 45	9.45	9.70	10.65	10.65	
			Dec 45	29.00	26.00	29.00	29.00	
			Aug 46	76.00	78.70	86.60	86.60	200.00
Bicycle tires	ea	26" x 1 3/8"	Sep 39	3.50	-	3.80	4.80	
			Sep 45	6.00	6.12	6.52	7.52	
			Dec 45	12.00	12.40	13.40	15.40	
			Aug 46	30.00	31.10	33.60	38.60	1,000.00
Bicycle tubes	ea	26" x 1 3/8"	Sep 39	.98	-	1.08	1.36	
			Sep 45	3.00	3.08	3.34	3.90	
			Dec 45	5.50	5.70	6.20	7.10	
			Aug 46	14.00	14.50	15.80	17.20	200.00
Rubber-soled socks	pr	9.5 in	Sep 39	1.04	1.07	1.14	1.25	
			Sep 45	1.30	1.45	1.65	1.90	
			Dec 45	7.00	7.90	8.30	9.20	
			Aug 46	16.00	16.50	17.50	18.50	150.00
Rubber-soled canvas shoes	pr	7 5/8 in	Sep 39	-	-	-	.62	
			Sep 45	1.75	1.83	1.98	2.15	
			Dec 45	4.20	4.40	4.60	5.00	
			Aug 46	9.50	9.85	10.35	10.75	90.00

Rationed Article	Unit	Size	Date	Official Ceiling Price				Average Black-Market Price
				Manufacturer	Control Body	Wholesale	Retail	
Rubber goods								
Rubber shoes and boots	pr	9.5 in	Sep 39	-	-	-	5.00	
			Sep 45	8.50	8.78	9.20	9.90	
			Dec 45	18.00	18.60	19.50	21.50	450.00
			Aug 46	35.50	36.70	38.90	42.00	
Water cushions	ea		Sep 39	-	-	-	1.67	
			Sep 45	1.85	-	2.10	2.48	
			Dec 45	2.45	2.89	3.32	4.00	65.00
			Aug 46	7.80	8.08	8.50	9.00	
Rubber soles and heels	pr	9.5 in	Sep 39	-	-	-	.59	
			Sep 45	1.26	1.39	-	1.47	
			Dec 45	1.26	1.39	-	1.47	
			Aug 46	5.50	5.70	-	6.30	15.00
Miscellaneous								
Bicycles	ea	26 in wheel	Sep 39	71.70	-	76.70	90.60	
			Sep 45	310.00	317.50	-	340.00	
			Dec 45	895.50	925.50	-	925.50	4,500.00
			Aug 46	960.00	1,000.00	-	1,050.00	
Candles, western	1.32 lb		Sep 39	.33	-	.37	.45	
			Sep 45	1.46	1.58	-	1.80	
			Dec 45	6.25	6.75	-	8.00	80.00
			Aug 46	6.25	6.75	-	8.00	
Electric light bulbs, incandescent	ea	100 v 60 w	Sep 39	.39	-	.43	.55	
			Sep 45	.73	-	-	-	
			Dec 45	5.25	-	5.50	6.00	18.00
			Aug 46	6.30	-	6.90	7.65	
Flashlight bulbs	ea		Sep 39	.06	-	.07	.10	
			Sep 45	.34	-	-	.40	
			Dec 45	2.09	-	-	2.37	10.00
			Aug 46	2.45	-	2.65	2.95	
Ink	bottle	3 oz	Sep 39	.11	-	.12	.15	
			Sep 45	.11	-	.12	.15	
			Dec 45	.11	-	.12	.15	
			Aug 46	.25	-	.30	.38	
Matches	box of	2600	Sep 39	.10	.25	.27	.29	60.00
			Sep 45	.52	1.53	1.61	1.70	90.00
			Dec 45	1.81	3.63	3.81	4.00	150.00
			Aug 46	3.96	6.36	6.66	7.20	
Needles	pkg of	25	Sep 39	-	-	-	.13	
			Sep 45	-	-	-	.14	
			Dec 45	.38	-	.44	.50	
			Aug 46	.75	-	.87	1.00	
Radios, National Type I, II, portable set (including tubes)	ea		Sep 39	44.92	-	-	-	
			Sep 45	67.20	70.50	-	81.60	6,000.00
			Dec 45	330.00	370.00	-	420.00	4,000.00
			Aug 46	500.00	544.00	-	600.00	
Soap, toilet	ea		Sep 39	.08	-	.09	.10	
			Sep 45	.08	.08	.09	.10	
			Dec 45	.28	.29	.32	.35	15.00
			Aug 46	.68	.68	.69	.75	
Soap, powdered	1 kg		Sep 39	.83	-	.90	1.00	
			Sep 45	1.95	2.06	2.20	3.00	
			Dec 45	7.20	7.50	8.15	10.00	
			Aug 46	15.35	16.15	17.35	18.75	100.00
Soap, laundry	1 kg		Sep 39	.08	-	-	.10	
			Sep 45	.16	.17	.18	.20	
			Dec 45	.20	.20	.20	.21	
			Aug 46	1.43	1.53	1.65	1.80	35.00
Paper, toilet, No 3	pkg		Sep 39	-	-	-	-	
			Sep 45	10.80	11.40	-	14.00	
			Dec 45	10.80	11.40	-	14.00	
			Aug 46	12.00	13.32	-	18.00	35.00
Paper, toilet, No 1	pkg		Sep 39	-	-	-	-	
			Sep 45	21.36	22.90	-	28.00	
			Dec 45	21.36	22.90	-	28.00	
			Aug 46	34.01	37.75	-	48.00	80.00
Umbrellas, European	ea		Sep 39	-	-	-	7.00	
			Sep 45	10.40	10.90	-	14.15	
			Dec 45	38.00	40.00	-	46.00	
			Aug 46	51.90	54.70	55.18	60.00	500.00
Umbrellas, Japanese	ea		Sep 39	-	-	-	1.10	
			Sep 45	3.97	-	4.20	4.64	
			Dec 45	4.70	-	5.00	5.50	
			Aug 46	25.00	-	26.70	28.90	100.00

a/ No production.
b/ Subsidised by Leather Control Union.
c/ Factory distributed.

SOURCE: Ministry of Finance.

FERTILIZER

Production and Consumption of Nitrogenous Fertilizers

29. July production and consumption of commercial nitrogenous fertilizers are shown in chart, page 93. Actual deliveries were substantially below estimates, totaling 36,800 metric tons of ammonium sulfate and 16,800 metric tons of calcium cyanamide.

Distribution

30. A plan for allocation and distribution of fertilizers from August to December was announced by the Ministry of Agriculture and Forestry.

According to estimates of this Ministry the supply of commercial nitrogenous fertilizer available during this period will be insufficient to fulfill deliveries of bonus fertilizer under the "link system," which calls for the delivery of one kan (8.27 pounds) of commercial nitrogenous fertilizer for one koku (4.96 bushels) of wheat or barley, and one kan of fertilizer for each lot of 100 kan of potatoes delivered by farmers to official dealers.

Although there will be enough fertilizer for bonus delivery against allocations of wheat and barley, only 59,754 metric tons of fertilizer will be available this year as a bonus for collections of fall rice and white potatoes. The remainder of bonus fertilizer due against fall rice and white potatoes collected up to 31 December will have to be carried over into 1947.

31. The total amount of fertilizer to be linked with crop deliveries, as shown in table below, is 155,404 metric tons and represents approximately 45 percent of the total distribution of 345,594 tons. If the deficit of 59,290 tons carried over from spring allocations is deducted, the linked amount would comprise approximately 54 percent of total distribution. These calculations coincide with the announcement by the Japanese Government that approximately 50 percent of fertilizer production would be linked with crop collections during the rest of 1946.

Details of allocation of fertilizer to specific crops are given on page 195.

Phosphatic Fertilizer

32. By 1 August 30,000 metric tons of superphosphate were available for use from 1 August to 31 December. This amount has been allotted to wheat, barley, naked barley and rye. Additional imports of phosphate rock prior to 1 November will make possible further allocations to these crops.

Potassic Fertilizer

33. Unless imports of potassic fertilizers arrive in Japan before 31 December, less than 10,000 metric tons of commercial potassic fertilizers will be available.

Allotments

35. The following table gives coal allotments for August:

PERCENTAGE ALLOTMENT OF COAL FOR AUGUST

Railways	31.5
Coal mining	9.9
Gas and coke	7.4
Iron and steel	6.5
Occupation Forces	6.0
Chemical fertilizer	5.9
Domestic uses	4.6
Ceramics	4.2
Ship bunkering	3.8
Korea	3.4
Fibers and textiles	2.4
Salt	2.3
Electric light and power	2.1
Briquette	2.0
Chemicals	1.9
Government (civil)	1.0
Food	1.0
Machinery	.6
Metal mining and refining	.5
Metals	.5
Shipbuilding	.3
Liquid fuels	.1
Others	2.1

SOURCE: Ministry of Commerce and Industry, Coal Board.

Subsidies

36. In order to increase the production of coal the Government is planning to institute a provisional subsidy system by which it will pay to producers the amount of their actual operating losses for the period 1 April to 31 October.

LUMBER

37. July allocation and distribution of lumber are shown in the table, page 197. Undelivered allocations are due primarily to low production. Industries showing an excess of deliveries over allocations received lumber in July that was allocated in June. Allocations made but not delivered in one month may be delivered the next month, but are not carried over from one quarter to the next.

ALLOCATION AND DISTRIBUTION OF LUMBER

July
(koku) a/

<u>Industry</u>	<u>Allocation</u>	<u>Distribution</u>
Allied Powers	1,354,254	1,212,073
Mine timbers and ties		
Coal mines	720,552	473,600
Metal mines	41,600	13,043
Others	69,114	39,340
Housing (Japanese)	457,252	391,640
Public construction		
Buildings	363,172	280,499
Highway construction	24,313	15,751
Pulp		
Hardwood	118,231	54,115
Softwood	118,866	106,865
Transportation		
Railway ties	107,107	46,457
Railroad construction	39,511	4,736
New railroad cars	9,040	2,715
Repair of railroad cars	29,611	3,564
Autos	4,330	456
Ship materials		
Wood ships	157,797	34,448
Fishing boats	61,300	16,027
Steel vessels	62,474	7,301
Packing		
Shipping boxes	125,405	56,754
Sawdust and excelsior	4,070	818
Wooden machinery and parts		
Textile machinery	9,270	2,403
Agricultural machinery	61,516	19,167
Measuring machine	3,568	220
Clogs	79,510	19,806
Barrels	44,754	17,640
Furniture (Japanese)	46,829	12,747
Miscellaneous		
Kitchen tools	3,583	509
Lacquer ware	150	564
Toys	1,530	142
Coffins	5,368	5,414
Foundry moulds	7,740	1,536
Communications		
Telephone and telegraph poles	21,969	820
Cross arms	7,724	2,118
Matches	49,856	2,601
Joiners	5,100	2,500
Pencils	10,355	1,066
Petroleum	944	944
Segregation plates	4,890	867
Sporting goods	6	820
Total	4,232,661	2,852,086

a/ One koku equals approximately 80 board feet.

SOURCE: Ministry of Agriculture and Forestry.

Veneer

38. Allocation and distribution of veneer for July are given in the following table:

ALLOCATION AND DISTRIBUTION OF VENEER

July
(shaku) a/

	<u>Allocation</u>	<u>Distribution</u>
Allied Powers	5,886,672	4,473,676
Japanese	<u>978,136</u>	<u>447,367</u>
Total	6,864,808	4,921,043

a/ One shaku equals approximately one square foot.

SOURCE: Ministry of Agriculture and Forestry.

Price of Railroad Ties

39. The prices of untreated railroad ties per unit and of mine timbers per koku were set on 1 August at ¥ 33 and ¥ 68 respectively. The price of treated ties is about 60 percent more than that of untreated ties.

CEMENT

40. The following table shows allocation and distribution of cement in July:

ALLOCATION AND DISTRIBUTION OF CEMENT

July
(metric tons)

<u>Industry</u>	<u>Allocation</u>	<u>Distribution</u>
Allied Powers	75,000	37,968 <u>a/</u>
Transportation	3,640	7,183
Shipbuilding and harbors	740	1,429
Communication	640	1,240
Food industry	1,580	2,691
Public works	2,340	4,974
Textile	460	879
Fertilizer	1,580	4,576
Chemical manufacture	1,260	2,437
Liquid fuel	180	252
Solid fuel	4,240	8,092
Iron and steel	320	605
Metal mining	420	768
Gravel and sand industry	40	51
Machinery manufacturing	180	224
Gas	180	363
Electricity	760	1,840
Forestry	240	392
Salt		
Industrial	100	226
Table	380	1,106
Necessaries (soap, rubber, etc)		
Various Ministries	<u>160</u>	<u>370</u>
Total	95,000	78,608

a/ Low delivery because Allied Powers were unable to store shipments.

SOURCE: Cement Association.

RATIONING AND PRICE CONTROL VIOLATIONS

41. The total number of violations of rationing and price control laws and regulations in Japan for July was 65,863 cases, with four prefectures not reporting. This is a decrease of 40,473 from June figures for the same prefectures. The average number of cases per month is 85,822.

Safeguarding Imported Foods

42. Safeguarding of imported food during transit has been effectively carried out through stringent protective measures taken by the Government. Losses of all types for the period 1-31 July were 11.89 metric tons, of which 0.42 ton was recovered. The net loss was only 0.006 percent of the total distribution for the month.

Recovered Hoarded Goods

43. The Home Ministry reported that in the period 1 February to 30 June 1946, hoarded goods valued at ¥ 792,944,904 were recovered. A detailed breakdown of these totals is given in the table on page 200.

New Wheat and Spring Potatoes

44. New instructions to prevent sales of spring wheat and potatoes were issued by the Home Ministry on 30 June. Special surveillance by police of brokers, producers, consumers' organizations, foreign nationals and street stalls was emphasized.

Control of Black Marketing

45. Instructions to prefectural governors calling for closer surveillance of brokers' and producers' activities were issued 1 July. Special attention was directed to brokerage activities of trading companies, wholesalers, former military and naval personnel, stall guilds and purchasing societies.

HOARDED GOODS RECOVERED
February-June

<u>Commodity</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (yen)</u>
Foodstuffs			
Rice	kilogram	12,896,790	25,793,580
Wheat and barley	kilogram	8,249,668	11,785,240
Other crops	kilogram	8,102,794	12,443,542
Flour and starch	kilogram	1,259,096	3,777,288
Biscuit	kilogram	181,706	710,672
Bread	kilogram	98,841	255,669
Oil for food	liter	555,170	2,590,793
Canned food	pound	648,521	3,242,605
Salt	kilogram	859,354	1,104,270
Sugar	kilogram	928,453	2,005,458
Miso	kilogram	31,390	66,965
Shoyu	liter	682,824	<u>1,896,733</u>
Total			65,672,815
Fuel and petroleum products			
Charcoal	bale	62,525	1,171,088
Fuel wood	faggot	40,851	147,064
Coal	metric ton	8,052	1,212,300
Briquette	kilogram	332,606	229,498
Small briquette	kilogram	295,871	247,052
Gasoline	liter	12,900,611	13,318,868
Heavy oil	liter	1,244,115	956,351
Light oil	liter	838,218	796,307
Oil for lamp	liter	105,612	105,612
Machine oil	liter	545,992	1,091,984
Mobile oil	liter	672,486	2,468,024
Alcohol for industry	liter	687,189	6,374,365
Other oil	liter	1,317,311	<u>5,269,244</u>
Total			38,387,757
Textiles and clothing			
Textile	yard	30,134,343	301,343,430
Yarn	kilogram	654,660	39,279,600
Working clothes	piece	519,004	25,950,200
Overcoats	piece	38,108	7,621,600
Shirts and drawers	piece	576,093	11,521,860
Rubber socks	pair	225,341	4,168,809
Socks	pair	204,546	859,093
Gloves	pair	259,668	1,038,672
Other textile goods	piece	868,122	4,340,610
Bedclothes	piece	606,051	60,605,100
Cotton	kilogram	120,938	<u>1,161,005</u>
Total			457,889,979
Durable goods			
Electric lamps	piece	346,477	2,078,862
Rubber shoes	pair	7,402	310,884
Nails	cask	61,792	19,793,213
Iron plate coated with zinc	sheet	33,634	538,144
Cement	sack	85,938	1,289,070
Pig iron	metric ton	3,729	4,847,700
Steel	metric ton	60,996	158,559,600
Motors	piece av 5 hp	4,535	11,337,500
Electric transformers	piece av 5 hp	735	2,205,000
Lathes	piece av 5 hp	146	730,000
Electric cord	250 meter	12,666	9,499,500
Other machines	piece	19,279	9,639,500
Tools	piece	506,769	<u>10,135,380</u>
Total			230,994,353
Total value hoarded goods recovered			792,944,904

SOURCE: Home Ministry.

SECTION II

FINANCE

C O N T E N T S

	Paragraph
Money and Banking	2
Public Finance.	16

1. The volume of Bank of Japan notes in circulation has expanded steadily since the currency conversion and deposit freeze program on 9 March and is approaching the amount existing prior to that date.

MONEY AND BANKING

2. The Japanese Government was authorized to permit nationals being repatriated to Japan to bring with them post office annuity policies issued in Japanese yen. Payments on matured annuity policies were authorized.

3. The Japanese Government was authorized to allow the Pension Bank to make back payments to Japanese pensioners formerly residing in Formosa who have returned to Japan. These payments represent amounts that could not be remitted to Formosa during the war.

4. The Government was authorized to permit certain individuals to repurchase their incomplete export bills and incomplete foreign exchange transactions which were not in conflict with existing directives.

Currency Circulation

5. Circulation of Bank of Japan notes on 20 August was ¥ 55,358,000,000 compared with ¥ 49,730,000,000 on 31 July. The average daily increase was ¥ 281,600,000 during the first 20 days of August compared with ¥ 220,000,000 per day in July.

Bank of Japan

6. The condensed statement of the Bank of Japan follows:

BANK OF JAPAN
(millions of yen)

<u>Assets</u>	<u>10 July</u>	<u>10 August</u>
Cash and bullion	716	1,089
Government bonds and securities	8,326	10,826
Advances to Government	14,333	16,311
Loans	33,497	38,414
Agencies accounts	3,106	3,050
Miscellaneous accounts	1,571	1,508
Interoffice items	<u>117</u>	<u>125</u>
Total	61,666	71,323

<u>Liabilities</u>	<u>10 July</u>	<u>10 August</u>
Notes issued	45,613	53,575
Government deposits	4,090	4,732
Other deposits	8,055	8,903
Miscellaneous accounts	3,427	3,469
Net profit for current period	234	391
Capital and reserves	247	247
Interoffice items	<u>0</u>	<u>6</u>
Total	61,666	71,323

SOURCE: Bank of Japan.

Ordinary Banks

7. Aggregate deposits in all ordinary banks increased ¥ 824,000,000 during July with restricted deposits accounting for the major portion of the increase.

ALL ORDINARY BANKS (millions of yen)

<u>Item</u>	<u>31 July</u>	<u>Net Change from 30 June</u>
Deposits	121,956	+ 824
Loans	86,673	+ 2,252
Securities	47,717	+ 78
Borrowed money (Bank of Japan)	19,127	+ 1,375

SOURCE: Bank of Japan.

8. Reports on the financial condition of the Teikoku, Mitsubishi, Yasuda and Sumitomo banks were completed by SCAP officials and similar reports on other financial institutions are being prepared.

Special Banks

9. Deposits in special banks increased ¥ 116,000,000 during July, reversing the trend of the previous month.

NINE SPECIAL BANKS (millions of yen)

<u>Item</u>	<u>31 July</u>	<u>Net Change from 30 June</u>
Deposits	33,783	+ 116
Loans	30,826	+ 1,832
Securities	20,934	- 291
Borrowed money (Bank of Japan)	8,504	+ 1,181

SOURCE: Bank of Japan.

10. Arrangements for the dissolution of the Yokohama Specie Bank and the establishment of a successor bank to handle purely domestic business are progressing. A different board of directors and president were selected for the old bank.

Savings Banks

11. The total volume of business transacted by savings banks increased slightly in July.

ALL SAVINGS BANKS
(millions of yen)

<u>Item</u>	<u>31 July</u>	<u>Net Change from 30 June</u>
Deposits	7,615	- 18
Loans	718	+ 8
Securities	7,042	+ 20
Borrowed money (Bank of Japan)	167	+ 13

SOURCE: Bank of Japan.

Deposit Funds Management Bureau

12. Postal savings deposits and proceeds of stamp savings, including postal transfers, continued to decline and amounted to ¥ 53,224,711,000 at the end of July, a decrease of ¥ 567,367,000 since 30 June. Total assets and liabilities and investment in government bonds also declined.

13. The Deposit Funds Management Bureau was directed to submit an estimate of probable losses due to cancellation by the Japanese Government of government-guaranteed war loans and indemnities.

Liquidation

14. As of 31 July collections of assets relating to closed institutions were approximately ¥ 1,300,000,000.

15. Closed institutions under the jurisdiction of SCAP have stockholders' interest in 1,083 operating affiliates and subsidiaries. Sixty-seven are 100 percent owned and 371 are more than 50 percent owned by the closed institutions.

PUBLIC FINANCE

National Budget

16. SCAP permitted the submission to the Diet of a temporary budget for August involving general account expenditures of ¥ 5,094,000,000. This budget provided for short-term borrowing in anticipation of taxes of ¥ 3,300,000,000.

17. Expenditures were in excess of one twelfth of the annual budget because of housing construction for troops and dependents and the high rate of Japanese repatriation.

National Debt

18. A summary of the Japanese national debt follows:

NATIONAL DEBT	
31 July	
(millions of yen)	
Government bonds, domestic	144,589
Government bonds, external	886
Bank loans	64,957
Expenditures in occupied areas	43,834
Overdraft on Bank of Japan	5,300
Special borrowing of Government	13,966
Navy arsenal loan	40
Other loans	1.817
Rice bills and food certificates	4,600
Treasury bills	<u>5,000</u>
Total	220,032

SOURCE: Ministry of Finance.

No government bonds were issued during July.

Local Government Finance

19. Funds included in the 1946-47 national budget to be allocated to local governments as subsidies or grants amount to approximately ¥ 5,000,000,000. Of this total about ¥ 3,000,000,000 will be expended for relief and welfare.

NATIONAL BUDGET FUNDS FOR LOCAL GOVERNMENTS
Fiscal Year 1946-47
(yen)

Relief and welfare	3,085,555,221
Economic rehabilitation	407,922,037
Education and culture	845,014,015
Repatriation of nonservice personnel	380,000,000
Taxation expenses	757,500
Local police allocation	407,206,000
Others	<u>55,333,304</u>
Total	5,151,788,077

SOURCE: Ministry of Home Affairs.

Special Accounts

20. Submission to the Diet of the 1946-47 budgets for the special accounts was permitted by SCAP subject to certain limitations.

21. Short-term borrowing for the special accounts in August included ¥ 600,000,000 for the Imperial Railway, ¥ 500,000,000 for the Foreign Trade Fund and ¥ 50,000,000 for the Firewood and Charcoal Account. All loans will be repaid within the present fiscal year from revenues accruing to these accounts.

Imperial Household

22. Normal retirement allowances amounting to ¥ 120,900 were authorized. The majority of the retired personnel formerly handled the affairs of the Imperial Princes and Princesses and their services

were no longer required because of the separation of the Princes and Princesses from the Imperial Household in May.

23. The Imperial Household consolidated the Forestry Fund Account with the Negotiable Properties Fund Account. The Forestry Fund Account contains approximately ¥ 23,000,000 and was originally set up to provide working capital for the operations of the Imperial Forestry Bureau. The Negotiable Properties Fund Account is the general account which includes the great majority of all securities held by the Imperial Household. Henceforth the Imperial Forestry Bureau will replenish its working capital with loans made directly from the Negotiable Properties Fund Account.

SECTION 12
PROPERTY CONTROL AND REPARATIONS

C O N T E N T S

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PROPERTY CONTROL

United Nations Property

1. Additional and revised reports on property formerly owned in Japan by Allied nationals were submitted by the Japanese Government.

ALLIED PROPERTIES SEIZED BY JAPANESE GOVERNMENT DURING THE WAR
25 August
(yen)

	United States	Great Britain	Netherlands	<u>Total</u>
Number of properties	724	944	101	1,769
Original value of properties (land, buildings and movables) <u>a/</u>	37,439,556.51	29,195,862.54	2,997,003.32	69,632,422.47
Original value of securities <u>a/</u>	41,995,420.99	53,660,284.20	790,140.43	96,445,845.62
Gross proceeds from sale of properties and securities	110,867,135.97	85,939,176.19	3,343,429.23	200,149,741.39
Value of unsold property <u>a/</u>	28,139,491.33	19,253,484.58	460,615.40	47,853,591.31
Present bank balances <u>b/</u>	156,190,197.60	109,734,539.31	5,782,094.39	271,706,831.30

a/ Based on Japanese appraisals which vary from values reported by the property owners.

b/ Represents bank balances of individuals and firms on 7 December 1941 plus net proceeds from sales of property by Japanese administrators.

SOURCE: Ministry of Finance.

Patents and Copyrights

2. Copyright accounts for 35 British authors or agents were established and amounts due from royalties were credited to each account.

PATENT AND COPYRIGHT ACCOUNTS
25 August
(yen)

American Patent Accounts (35)

Deposits credited, 7 Dec 41	4,277,237.20
Later deposits	<u>2,161,265.35</u>
Total funds payable	6,438,502.55
Funds on deposit	<u>4,291,352.89</u>
Loss due to reductions and exemptions	2,147,149.66

American Copyright Accounts (3)

On deposit 7 Dec 41	1,981.55
Later deposits	<u>43.86</u>
Total funds payable	2,025.41
Funds deposited	2,025.41

British Patent Accounts (17)

Deposits credited, 7 Dec 41	1,042,582.13
Later deposits	<u>32,002.27</u>
Total funds payable	1,074,584.40
Funds on deposit	<u>270,394.37</u>
Loss due to reductions and exemptions	804,190.03

British Copyright Accounts (40)

On deposit 7 Dec 41 in Yokohama Specie Bank	277.66
Later deposits	<u>1,462.72</u>
Total funds in Yokohama Specie Bank	1,740.38
Funds in SCAP Custody Account	<u>34,461.73</u>
Total funds payable	36,202.11

SOURCE: Ministry of Finance.

Property of Miscellaneous Foreign Nationals

3. The Japanese Government has submitted reports on 5,824 properties of nationals whose countries were not considered enemy nations by Japan. The Government during the war did not seize or convert these properties.

FOREIGN PROPERTIES
25 August

<u>Country</u>	<u>Properties Reported</u>	<u>Country</u>	<u>Properties Reported</u>
Argentina	17	Luxemburg	5
Belgium	25	Mexico	4
Bolivia	4	Norway	22
Brazil	8	Panama	7
Chile	8	Paraguay	1
China	4,549	Peru	9
Colombia	4	Philippines	44
Costa Rica	1	Poland	38
Cuba	3	Portugal	13
Czechoslovakia	18	Salvador	1
Denmark	44	Saudi Arabia	2
Dominican Republic	5	Siam	138
Ecuador	4	Spain	24
Egypt	12	Sweden	2
Finland	20	Switzerland	1
France	274	Syria	24
Greece	7	Turkey	71
Guatemala	2	Uruguay	3
Honduras	4	U.S.S.R.	15
Indonesia	39	Venezuela	9
Iran	8	White Russia	316
Iraq	15	Yugoslavia	4

SOURCE: Ministry of Finance.

German and Italian Property

4. In compliance with SCAP directives the following German and Italian properties located throughout Japan were reported by the Japanese Government.

GERMAN AND ITALIAN PROPERTY
25 August
(yen)

German Government

Real estate	1,089,225.00
Cash in banks	178,305,645.25
Accounts receivable	104,754,021.61
Inventories	<u>474,115.00</u>
Net assets	284,623,006.86

German Firms (62 properties)

Real estate	3,627,582.00
Cash	318,138,657.00
Accounts receivable	83,434,409.00
Inventories	16,203,904.00
Other assets	<u>8,464,261.00</u>
Gross assets	429,868,813.00
Liabilities	<u>72,992,113.00</u>
Net assets	356,876,700.00

German Nationals (518 properties)

Real estate	14,625,941.00
Cash	2,602,248.00
Bank deposits	4,804,017.50
Inventories	15,381,230.00
Other assets	<u>6,568,374.00</u>
Gross assets	43,981,810.50
Debts	<u>2,287,921.00</u>
Net assets	41,693,889.50

Italian Government

Bank assets and cash	310,816.62
Other assets	<u>25,037,296.00</u>
Total assets	25,348,112.62

Italian Individuals and Firms (215 properties)

Bank accounts and cash	1,676,092.44
Real property	381,061.00
Other assets	<u>1,545,288.68</u>
Total assets	3,602,442.12

SOURCE: Ministry of Finance.

Looted Property

5. Over 5,000 items of looted property have been reported by the Japanese Government and shown to be in possession of the Government, its instrumentalities or private individuals. Twenty-four automobiles in the possession of the Imperial Household and Imperial princes were impounded.

Precious Metals

6. A summary of precious metals in SCAP custody follows:

PRECIOUS METALS IN SCAP CUSTODY a/
25 August

	<u>Fine Grams</u>	<u>Value per Gram</u>	<u>Value in US Dollars</u>
Gold			
Taken into custody <u>b/</u>	183,374,079	1.1245	206,204,151
Released	<u>736,796</u>		<u>828,527</u>
Balance	182,637,283		205,375,624
Silver			
Taken into custody	2,021,980,212	.02249	45,474,334
Released	<u>8,302,453</u>		<u>186,722</u>
Balance	2,013,677,759		45,287,612

	<u>Fine Grams</u>	<u>Value per Gram</u>	<u>Value in US Dollars</u>
Platinum			
Taken into custody	4,049,425	1.1245	4,553,578
Released	<u>53,641</u>		<u>60,319</u>
Balance	3,995,784		4,493,259
Total value			255,156,495

- a/ The fine weight of approximately 11 percent of the metals is estimated.
- b/ Includes approximately 73,000,000 grams earmarked for Indo-China, Siam, Italy and China by the Japanese Government.

Precious Stones

7. A summary of precious stones in SCAP custody follows:

JEWELS IN SCAP CUSTODY
26 August

<u>Item</u>	<u>Amount</u>
Diamonds	
Cut	158,812 carats
Industrial	41,487 carats
Commercial	1 sealed envelope
Commercial	119 stones (uncut diamonds)
Commercial	1 box (diamonds and diamond dust)
Other jewels	
Agate	42
Amethyst	9
Blood stone	15
Cat's eye	1
Chrysoprase	10
Coral	3
Emerald (natural)	457
Garnet	2
Hematite	4
Jade	126
Opal	278
Opal doublet	16
Quartz	8
Ruby (star)	1
Ruby (synthetic)	30
Sapphire (natural)	3
Sapphire (synthetic)	130
Sardonyx	15
Spinel (synthetic)	30
Tiger eye	14
Topaz	1
Turquoise	1
Zircon (natural)	7
Synthetic stones (assortment)	68
Pearls	456
Miscellaneous jewelry	193 pieces

Property Released

8. Some properties taken into custody have been released for special reasons indicated below:

PROPERTY RELEASED BY SCAP
as of 25 August

<u>Reason for Release</u>	<u>Quantity</u>	<u>Value</u>
Restitutions		
Radium to Czechoslovakia	347.98 mgs	unknown
Sacred Buddhist relic to Siam	1	cultural
Fire engines to Hongkong	2	\$ 40,000
Prehistoric archeological specimens to China	1	cultural
Dredge "Chien Sho" to China	1	\$ 500,000
Chinese classics to China	10	cultural
Official seals to Korean Government	8	cultural
Crown of Pontianak to Netherlands East Indian Government	1	\$ 25,000
Light cruiser "Yat Sen" to Chinese Government	1	\$1,000,000
Machine lathe to United Kingdom	1	\$ 100,000
Released for minimum needs of Japanese civilian economy		
Gold	673,427 grams	\$ 757,268.66
Silver	2,887,907 grams	\$ 64,949.28
Platinum	53,641 grams	\$ 60,319.30
Needed for public health (dental)		
Gold	50 grams	\$ 56.22
Released to U.S. Army for resale as souvenirs a/		
Gold	39,225 grams	\$ 44,108.51
Silver	5,389,753 grams	\$ 121,215.44
Released to Japanese Government for educational and cultural purposes		
Gold	24,093 grams	\$ 27,092.57
Silver	24,792 grams	\$ 557.04
Released to former owners		
German nationals		¥1,541,078.70
Japanese Government		¥ 56,155.90
Released to Fiscal Director, AFFAC		
Confiscated from Americans		¥ 129,895.10
Confiscated from Japanese		¥4,452,212.00

a/ Release of this property does not change total value of property in custody but changes its nature from gold and silver bullion to a foreign exchange item of the same value.

Claims

9. Forty-three claims against the Japanese Government or enemy nationals in Japan have been submitted to SCAP. Of these, 22 have been acknowledged. No amounts are stated in 11 of the claims and in two the amounts are not clearly stated. The total amount of the 30

other claims is \$407,364.77. Included in this total is \$217,641.65 derived by arbitrarily calculating the dollar values of moneys of other nations at readily available rates of exchange which are subject to change or adjustment.

Twenty-five claims are for personal injuries due to maltreatment during imprisonment. Among the others are claims for confiscated property, for fulfillment of incompleated orders for delivery of material, for loss of personal effects destroyed by air raids and for unpaid fire insurance and unpaid wages.

The nationalities of the claimants are as follows:

Swiss	11	Austrian	1
U. S.	8	French	1
Hungarian	5	Japanese	1
British	4	Korean	1
Chinese	3	Russian	1
German	3	Polish	1
Swedish-Danish	2	Turkish	1

SCAP Custody Account

10. The following collections and refunds in Japanese yen have been made from 1 March to 25 August from sources indicated:

Collections

German Government and nationals	49,113,011.94
Deposits of Japanese yen received in exchange for Bank of Chosen notes given to Koreans at seaports when repatriated	31,177,086.55
Back wages, bonuses and death benefits due repatriated Koreans and collected from various Japanese coal companies	2,554,427.81
Collections for Military Government of Korea	
Mikuni Coal Company funds stolen by Seiichi Doi and other persons	2,834,254.26
Fines from convicted Japanese criminals	173,738.24
Korean banks' accounts in Japan	261,139.25
Korean fire equipment	354,550.00
Confiscated from	
American Army personnel	129,895.10
Japanese Government and civilians	4,508,367.90
Japanese puppet governments	3,846,365.29
Japanese-Korean war aid societies	1,603,177.60
Illegal collections for Korean aid	43,865.60
Collections held in trust for British nationals	38,461.73
Red Cross funds held in trust	<u>29,007.89</u>
Total	96,667,349.16

Refunds

German nationals	1,541,078.70
Japanese Government	56,155.90
Fiscal Director, AFPAC	
Confiscated from Americans	129,895.10
Confiscated from Japanese	<u>4,452,212.00</u>
Total	6,179,341.70
Balance 25 August	90,488,007.46

Refunds to the Fiscal Director, AFPAC, were funds collected by U. S. Army finance officers from Japanese military and naval sources, confiscated black-market profits and penalty fines assessed against U. S. Army personnel and Japanese civilians.

National Shinto Shrines

11. Reports received from the Japanese Government on 203 of the principal shrines disclose assets of ¥ 39,590,879. See table, page 215.

Dissolved Organizations

12. Reports of the assets of political and undesirable organizations dissolved by order of SCAP have been tabulated. An analysis of reports from Hyogo Prefecture reveals the following information:

ASSETS OF DISSOLVED ORGANIZATIONS
Hyogo Prefecture
25 August
(yen)

<u>Associations Reported</u>	<u>No. of Branch Reports</u>	<u>Cash</u>	<u>Land and Buildings</u>	<u>Expenses at Time of Dissolution a/</u>
Imperial Rule Assistance Assn	36	180	21,103	340,841
Industry Patriotic Assn	52	106,651	9,193,266	1,556,942
Great Japan Young Men and Boys Assn	35	23,481	5,602	135,060
Imperial Rule Assistance Youth Assn	34	1,739	420	54,010
Women's Assn of Great Japan	36	95,559	5,460	392,399
Commerce Patriotic Assn	15	219	0	14,292
Patriotic Agricultural Assn	1	0	0	618,058
Labor Patriotic Assn	50	39,480	621	1,390,608
Political Assn of Great Japan	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	260	267,309	9,226,472	4,502,210

a/ Reports show that at time of dissolution the expenses for that period greatly exceeded expenses for any similar previous period.

SOURCE: Ministry of Finance.

ASSETS OF 203 NATIONAL SHINTO SHRINES IN JAPAN
17 January
(yen)

<u>Prefecture</u>	<u>No. of Shrines</u>	<u>Cash</u>	<u>Securities</u>	<u>Total</u>
Aomori	1	149,335	121,575	270,910
Iwate	1	20,566	13,850	34,416
Akita	1	767	12,950	13,717
Yamagata	4	336,693	111,957	448,650
Miyagi	1	193,876	91,617	285,493
Fukushima	4	20,587	60,000	80,587
Gunma	1	13,435	20,800	34,235
Tochigi	4	930,831	823,950	1,754,781
Ibaraki	4	163,076	109,100	272,176
Saitama	3	237,366	82,950	320,316
Chiba	4	512,337	102,315	614,652
Tokyo	4	1,544,954	1,525,210	3,070,164
Kanagawa	4	245,810	208,400	454,210
Niigata	2	418,408	13,900	432,308
Toyama	3	39,511	51,720	91,231
Ishikawa	4	233,455	105,930	339,385
Fukui	6	248,537	124,983	373,520
Nagano	4	171,779	230,280	402,059
Yamanashi	1	5,390	25,515	30,905
Shizuoka	8	641,561	337,620	979,181
Aichi	6	1,424,505	554,115	1,978,620
Gifu	3	150,268	98,844	249,112
Shiga	5	372,962	828,380	1,201,342
Mie	5	1,113,275	4,887,012	6,000,287
Kara	10	766,955	947,972	1,714,927
Wakayama	8	211,830	252,305	464,135
Osaka	8	823,065	644,252	1,467,317
Kyoto	20	2,051,566	2,227,932	4,279,498
Hyogo	8	1,193,708	316,925	1,510,633
Tottori	4	37,207	48,347	85,554
Shimane	8	249,895	419,440	669,335
Okayama	4	41,616	90,700	132,316
Hiroshima	4	651,474	134,520	785,994
Yamaguchi	6	28,046	143,125	171,171
Fukuoka	9	602,884	455,305	1,058,189
Miyazaki	3	539,896	475,780	1,015,676
Oita	3	459,354	110,080	569,434
Kagoshima	5	923,739	182,854	1,106,593
Kumamoto	4	93,568	69,950	163,518
Nagasaki	3	377,578	83,225	460,803
Saga	3	38,226	61,732	99,958
Kagawa	2	665,660	2,965,902	3,631,562
Tokushima	2	48,795	50,825	99,620
Kochi	2	63,787	18,900	82,687
Ehime	2	107,257	45,950	153,207
Hokkaido	2	66,435	70,050	136,485
Total	203	19,231,825	20,359,054	39,590,879

SOURCE: Ministry of Education.

Liquidated Property

13. In compliance with SCAP directives Koeki Eidan submitted reports on its assets.

ASSETS OF KOEKI EIDAN
1 July
(yen)

	<u>Book Value</u>
Supplies	
Textiles	98,277,831.29
Agricultural and marine products	33,491,848.60
Chemicals	212,095,877.45
Machinery	72,736,627.62
Minerals	26,336,231.56
Sundry goods	273,652,495.49
Emergency supplies	67,065.34
Supplies for U.S. Army	<u>17,194,566.01</u>
	733,852,543.36
Furniture and fixtures	839,477.64
Land and buildings	45,675.00
Bonds and securities	<u>190,625,984.97</u>
Total	925,363,680.97

SOURCE: Koeki Eidan.

14. The following supplies of Koeki Eidan have been liquidated in compliance with SCAP directives:

SUPPLIES LIQUIDATED
15 August 1945-30 June 1946
(yen)

Textiles	467,591,564.17
Agricultural and marine products	64,998,985.80
Chemicals	22,008,609.51
Machinery	16,634,801.75
Minerals	20,567,143.37
Sundry goods	37,124,027.27
Emergency supplies for use during war	<u>7,553,115.56</u>
Total	636,478,247.43

SOURCE: Koeki Eidan.

ANTITRUST AND CARTELS

Holding Companies

15. SCAP directives added the Daiwa Industry Company, Ltd., and its subsidiaries, the Teikoku Compressed Gas Company, Ltd., and the Toyo High Pressure Company, Ltd., to the Schedule of Restricted Concerns which now includes 42 holding companies and 1,121 subsidiaries.

16. The Daiwa Industry Company is the fifth largest rayon and the tenth largest textile manufacturing company in Japan. Wartime production consisted principally of implements of war. This concern controls nine subsidiaries, four of which are outside Japan. Their subsidiaries are engaged in mining, machinery and heavy industry production.

17. The Teikoku Compressed Gas Company, with a paid-up capital of ¥ 9,800,000 and assets amounting to ¥ 22,500,000, manufactures compressed liquid gasses. Sumitomo interests control 61.1 percent of its stock.

18. The Toyo High Pressure Company, with a paid-up capital of ¥ 48,250,000, is one of the three largest fertilizer producers in Japan. Thirty-four percent of its stock is held by the Mitsui Chemical Industry Company, Ltd.

19. A SCAP directive of 23 July placed the Riken Institute of Physical and Chemical Research under surveillance. Riken owns stock in 36 subsidiary companies, many of which have already been placed on the Schedule of Restricted Concerns as subsidiaries of the Riken Industrial Corporation, Ltd.

20. In addition to companies on the Schedule of Restricted Concerns, there are now two holding companies, 58 subsidiaries and four independent companies under surveillance.

21. A SCAP directive of 8 August offered no objection to the dissolution plan for the Showa Trading Company, Ltd., a nonrestricted concern. This company was established in 1939 to import and export machinery and tools for military use. Total assets amount to ¥ 31,000,000 while liabilities exceed ¥ 25,000,000. Mitsui and Company, Ltd., Okura Industrial Company, Ltd., and Mitsubishi Trading Company, Ltd., all restricted concerns, hold 298,000 of the 300,000 shares.

The dissolution plan is subject to the following limitations:

- (1) No assets will be transferred to any firm nor to any officer or director of any firm on the Schedule of Restricted Concerns.
- (2) No transfer of any property outside the four main islands of Japan nor of any stock in any foreign company will be made without the prior approval of SCAP.
- (3) All sales will be made subject to existing price control regulations and ordinances.
- (4) Proceeds from all sales will be deposited promptly in the company's bank account and will be withdrawn pursuant to the provision of ordinances dealing with emergency financial measures.
- (5) A detailed report will be submitted to SCAP within 30 days after the liquidation is completed.

22. An informal plan was submitted by the Japanese Government on 16 July for the abolition of the Mitsui household constitution and the Mitsui family council.

This plan will liquidate the association of 11 families which constitute the House of Mitsui. These families control the Mitsui Honsha which controls over 89 subsidiaries. The Mitsui Honsha also has investments in approximately 900 other concerns.

Holding Company Liquidation Commission

23. On 8 August the Japanese Government promulgated the ordinance implementing the powers of the Holding Company Liquidation Commission. On 9 August the establishing committee turned over its

work and pertinent official documents to the chairman of the Commission. Registration as juridical person was initiated by the Commission on 22 August.

It is now prepared to undertake dissolving the Zaibatsu holding companies and reorganizing their various operating subsidiary companies. Only those companies not affected by the reparations program will be able to reorganize completely at the present time.

SCAP offered no objection to Goro Kashima, selected by the Japanese Government as the seventh commissioner of the Holding Company Liquidation Commission. SCAP is now screening two remaining candidates.

Control Associations

24. A SCAP directive of 6 August ordered the Japanese Government to dissolve all control associations, to repeal all pertinent laws and regulations and to create proper agencies within or under the Economic Stabilization Board to allocate materials to specific industries.

These control associations were originally established under the Important Industrial Bodies Ordinance of 29 August 1941 in almost every major industry and had the power to fix prices, make allocations, control expansion, consolidate plants and provide for the equipping of industries. Nineteen associations of this type are in existence.

25. The Japanese Government will supervise the establishment and operation of democratically organized and operated associations to be used as temporary stabilization devices, not to be continued longer than one year, for allocating essential raw materials within the industries selected by the Economic Stabilization Board.

26. Seven trade associations and control unions were screened by SCAP. The Tokyo Private Auto Owners Association and the Japan Travel Bureau were deemed undemocratically organized, objectionable in purpose or containing undesirable personnel and were ordered reorganized. The remainder were permitted to continue their activities under government supervision.

REPARATIONS

Reparations Selections

27. SCAP directives of 13 August placed under custody 505 plants within the following eight industrial categories:

<u>Industry</u>	<u>Plants in Custody</u>
Machine tool	90
Ball and roller bear	32
Iron and steel	23
Shipbuilding	25
Privately-owned munitions plants	273
Steam-electric power generating plants	20
Sulfuric acid	24
Soda ash, chlorine and caustic soda	19
Total	505

28. A summary of capacities of plants listed for reparations with capacities approved by FEC for retention under the interim program is given in the table below.

INTERIM REPARATIONS CAPACITIES

Industry	Unit	Total	Capacity		FEC Approvals for Retention
			Listed for Reparations	Not Listed	
Machine tool	each	54,000	27,000	27,000	27,000
Ball and roller bearings	¥ 1,000,000	330.9	267.9	33.0	32.5
Iron and steel					
Open-hearth and Bessemer steel	1,000 metric tons	6,239	2,572	3,667	3,400
Electric furnace steel	1,000 metric tons	1,953	172.5	1,760.5	100
Pig iron	1,000 metric tons	4,233	2,170	2,063	2,000
Shipyards					
New construction	1,000 gross tons	1,900	1,250	650	150
Repair	1,000 gross tons	8,800	2,900	5,900	3,000
Drydocks	capacity in tons	732,400	425,700	306,700 a/	b/
Privately owned munitions plant					
		273	273	0	0
Steam-electric power					
Public	1,000 kilowatts	2,904	1,322	1,582	2,100
Private	1,000 kilowatts	1,015	0	1,015	
Sulfuric acid	1,000 metric tons	4,750	800	3,930	3,500
Soda ash, chlorine and caustic soda					
Caustic soda	1,000 metric tons	266.5	181.5	85.0	82.5
Chlorine	1,000 metric tons	232.0	157.5	74.5	75.0
Soda ash	1,000 metric tons	835.0	205.0	630.0	630.0

a/ Includes 3 drydocks with 20,000 tons capacity each.

b/ Two drydocks with 20,000 tons capacity each.

Machine Tools

29. Since current capacity is estimated at 54,000 units annually, 90 machine tool factories with a capacity of approximately 27,000 units were listed for reparations. These plants primarily represent companies most closely associated with the munitions industry and include the larger Zaibatsu plants which were constructed after 1937.

The directive stops all manufacture of new machine tools in the listed plants, but authorizes completion of units for which major components have already been manufactured.

Ball and Roller Bearings

30. The 32 plants listed for removal cover 90 percent of the industry's capacity. They may continue to operate until actually removed, but after 30 days are subject to immediate removal without additional notice.

Two plants with an aggregate annual capacity of ¥ 33,000,000 of practically every type and size of bearing needed in Japan are left in the industry.

Iron and Steel

31. In the present directive operating producers of electric steel have not been listed because of their unusual importance in steel production due to the current coal shortage.

Twenty-two iron and steel plants aggregating 2,744,500 tons capacity were included in the initial list of those placed in custody for interim reparations.

Shipbuilding

32. Twenty private and five naval shipyards were named for removal. Continued operation is permitted for the construction and repair of vessels essential to the Occupation Forces and civilian economy, but production is to be so arranged that inventories will be reduced to minimize the disruption when the shutdown becomes effective.

Sixty-four private shipyards are not included in the interim list. Three drydocks of 20,000 tons capacity each are retained for emergency repairs on United Nations vessels.

Facilities being retained are substantially in excess of FEC recommendations because of the urgent current need for rebuilding a minimum merchant fleet. This temporary retention of interim excess capacity was authorized by FEC.

Privately Owned Munitions Plants

33. A total of 273 plants, possessing an estimated 107,000 machine tools, were listed for reparations. Twenty-one of the plants were primarily designed to produce explosives. No plant concerned in the current fertilizer program or in the manufacture of vitally needed industrial chemicals or industrial explosives was named for custody and control.

Steam-Electric Power Generating Plants

34. Twenty publicly owned plants were selected by SCAP for reparations. They received 60 days to rearrange power loads before reparations withdrawals become effective. After that date plants must be ready to shut down immediately when designated for removal.

Privately owned power plants serving a specific factory will be taken if the parent factory is selected.

Sulfuric Acid

35. Equipment made available for reparations was to be of the contact type not serving as an integral part of a nonferrous smelting plant or as an irreplaceable part of a fertilizer manufacturing establishment. Twenty-four plants were named by SCAP for potential removal, reducing production capacity in the industry to 3,930,000 metric tons annually.

Listed facilities were permitted to operate until specifically designated for reparations removal in order to prevent disruption of production of fertilizers, drugs and artificial sweeteners.

Soda Ash, Chlorine and Caustic Soda

36. Named for removal were one soda ash plant with integrated facilities and 18 caustic soda plants, three of which are under construction. Chlorine, being produced in caustic soda plants, does not require separate listing. Operations of named facilities are to cease when current stocks of raw materials are consumed.

Preliminary Facility Catalog

37. A preliminary catalog was prepared giving data on iron and steel, aluminum and magnesium, chemicals, shipbuilding, aircraft, army and navy arsenals, laboratories, ball and roller bearings and machine tools. The catalog was compiled from reports submitted by Japanese factory owners to SCAP and represents book inventories. The reports were not verified by physical inspections prior to issuance of the catalog, but SCAP representatives are now making inspections.

Inventory Program

38. An inventory was begun of industrial machinery and equipment in aircraft plants, arsenals and privately owned munitions plants listed as available for reparations. Work is being performed by special Military Government teams acting under instructions and procedures established by SCAP.

Approximately 800 plants with more than 250,000 pieces of reparations machinery and equipment are to be individually inspected and listed.

Custody Lists

39. The list of Japanese aircraft factories, military and naval arsenals and research laboratories taken into custody was revised. One hundred twenty installations were removed from the list and 46 added, making 504 such establishments under SCAP custody and control.

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SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN

Number 11

August 1946

PART IV

SOCIAL

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PUBLIC HEALTH AND WELFARE

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PUBLIC WELFARE

Public Assistance

1. The Ministry of Health and Welfare reported 2,178,159 persons on relief in July and net grants of ¥ 47,632,577.

2. The "Daily Life Security Bill" passed the House of Representatives and is now before the House of Peers.

3. Representatives of SCAP and of the Ministry of Health and Welfare and members of a Diet subcommittee inspected the Tokyo Poor House and instructed the Tokyo-To Chief of Relief to initiate the following actions:

- (1) Furnish powdered and canned milk in sufficient quantities for adequate infant feeding and to allow all children to have milk at least four times a week.
- (2) Supplement regular rations with vegetables and fish as often as possible.
- (3) Furnish cleaning compounds to meet full requirements of the institutions.
- (4) Make a survey of institutional equipment needs and correct the deficiencies found.

4. A survey of the effectiveness of Japanese efforts to assist homeless destitute persons was made by EIGHTH Army. Reports covering 37 prefectures indicated the need for a more effective program, particularly for waifs. Difficulties were ascribed to lack of personnel, funds, food and facilities.

Social Work Education

5. The Ministry of Health and Welfare organized a committee to re-establish social work education in Japan. Representatives of

the Diet, the Ministry of Health and Welfare, Ministry of Education, higher educational institutions, the Central Association of Social Work and other welfare agencies were included.

Japanese Red Cross

6. The new executive officers of the Japanese Red Cross Society inaugurated the new organization plan of the national headquarters which includes 10 service divisions.

Directors and staff have been appointed for each division. Two more Japanese field representatives are being added to chapter service. All services are to be staffed and functioning by 15 September when repair of the national headquarters buildings will be completed with departments in centralized offices.

Repatriation

7. The repatriation centers of Nagoya, Ujina, Sasebo and Kagoshima were selected to receive and process through quarantine Ryukyans who are to be repatriated.

8. The Maizuru Repatriation Reception Center was placed on an inactive status 1 August and Karatsu, Tobata and Tanabe are also being closed. Senzaki was closed to repatriation to permit clearing the center of cholera patients, carriers and contacts.

9. Expansion of facilities at the Sasebo repatriation center is nearly complete and a large number of cholera contacts is being processed.

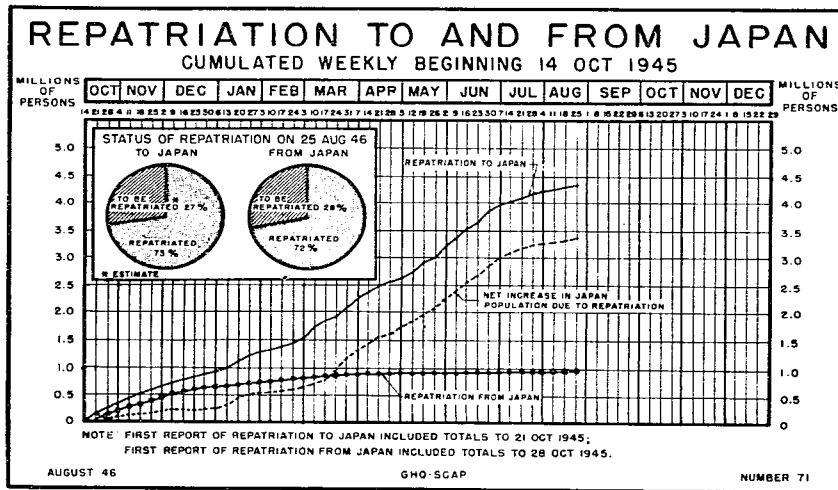
10. Hakata is being prepared to receive and process through quarantine repatriation vessels arriving with cholera aboard.

11. Kagoshima has been closed to incoming repatriation and is being employed only for processing outgoing repatriates.

12. Koreans entering Japan illegally from Korea continue to be a serious problem. In August more than 13,000 Koreans apprehended for illegal entry were in custody at Sasebo and most of these were under quarantine for cholera.

13. The third shipment of Japanese nationals repatriated from Canada arrived at Uraga. The Canadian Government conducted financial processing of these repatriates prior to their embarkation and issued individual receipts covering the amounts in Canadian dollars deposited by them. Japanese customs officials at Uraga made yen payments for these receipts.

14. The accompanying chart shows 149,123 Japanese repatriated from 29 July to 25 August bringing the total to 4,358,503. During the same period 16,908 foreign nationals left Japan of whom 9,723 were Koreans. The total number of foreign nationals repatriated was 996,252, including 908,544 Koreans.



HOSPITAL ADMINISTRATION

15. On 24 August there were 3,079 hospitals of more than 10 beds, and the total of hospital beds available was 208,401, of which 112,581 were occupied. In these institutions 1,374,823 persons received out-patient treatment during August.

16. The Council on Hospital Standards met on 5 August and agreed to include in the Council representatives of the Ministry of Health and Welfare, Japanese Medical Association, Imperial University hospitals, private medical schools' hospitals, Japanese Red Cross, private hospital associations and Council on Medical Education.

It further agreed to form subcommittees to consider in detail the problems of buildings and management, professional service, training and liaison and contacts.

VETERINARY AFFAIRS

17. A survey of the Tokyo sausage factories manufacturing bologna in cellophane casings showed that their methods parallel those in the United States. All meat is obtained from slaughterhouses maintaining ante and post mortem inspections, but the manufacturing is not under the supervision of an inspector.

Cooking and smoking temperatures are adequate for the production of a safe product, and sanitation compares favorably with that of similar establishments in the United States.

18. The Demobilisation Board reported the following distribution of army horses since the surrender:

Number sold to individuals (Average ₦ 300)	13,572
Number sold to prefectural horse associations (Average ₦ 300) for resale to farmers (Average ₦ 1,000)	46,105
Number presented to institutions without cost	<u>7,998</u>
Total	67,675

Meat and Dairy Inspection

19. Following is a summary of meat and dairy inspection reports for June.

MEAT INSPECTION
June

	<u>Cattle</u>	<u>Calves</u>	<u>Sheep & Goats</u>	<u>Swine</u>	<u>Horses</u>
Number slaughtered	12,133	1,180	150	4,217	3,176
Condanned ante mortem	0	0	0	2	5
Condanned post mortem	-	-	-	-	-
Total	13	1	0	3	6
Partial	202	9	0	45	218
Viscera	2,119	53	0	1,294	413

SOURCE: Ministry of Health and Welfare.

MILK INSPECTION
June

Special Milk

Farm inspections	18
Samples examined	22
Over bacterial standards (50,000 per cc)	0
Under butterfat standards (3.3 percent)	0
Plant inspections	19
Over bacterial standards (50,000 per cc)	0
Under butterfat standards (3.3 percent)	0

Ordinary Milk

Farm inspections	6,286
Samples examined	3,630
Over bacterial standards (2,000,000 per cc)	286
Under butterfat standards (3.0 percent)	840
Plant inspections	2,125
Over bacterial standards (2,000,000 per cc)	303
Under butterfat standards (3.0 percent)	442

Goat Milk

Farm inspections	39
Samples examined	52
Over bacterial standards (2,000,000 per cc)	2
Under butterfat standards (3.0 percent)	3

SOURCE: Ministry of Health and Welfare.

Animal Diseases

20. With the exception of brucellosis, Texas fever and strangles, animal diseases increased considerably during July as shown in the following table:

ANIMAL DISEASES

<u>Disease</u>	<u>Number of Cases</u>	
	<u>June</u>	<u>July</u>
Anthrax	0	24
Blackleg	0	3
Brucellosis	16	7
Trichomoniasis	4	5
Texas fever	13	9
Swine plague	3	8
Swine erysipelas	4	12
Strangles	138	58
Equine infectious anemia	26	29
Equine infectious abortion	0	13

SOURCE: Ministry of Agriculture and Forestry.

DENTAL AFFAIRS

Dental Rehabilitation

21. Eighty dentists were re-established in practice during the month ending 15 July.

Dental Education

22. The Tokyo Dental College purchased buildings for the pre-professional courses incident to raising the school to university standard.

Dental Production

23. Production of dental materials for July was ¥ 2,738,921 as compared with ¥ 1,218,329 for the preceding month.

NURSING AFFAIRS

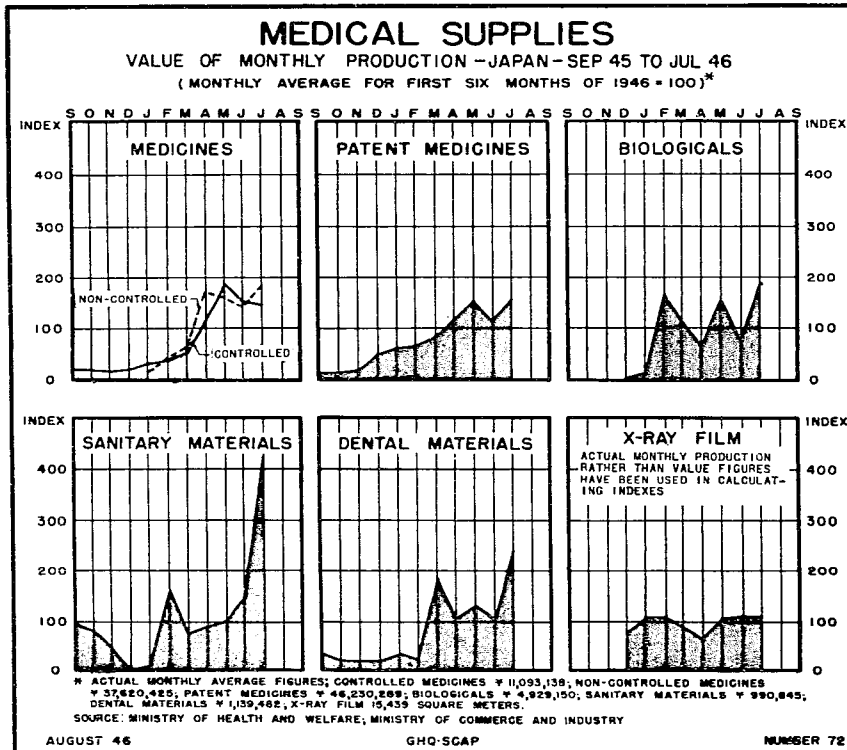
24. The Journal of Public Health Nursing, a monthly magazine for public health nurses, was approved by SCAP.

25. Student nurses of the Demonstration School in Tokyo will have pediatric affiliation for six weeks with the Imperial Gift Foundation Hospital and psychiatric affiliation for two weeks with the Matsuzawa Psychiatric Hospital.

SUPPLY

Production

26. Chart, page 230, shows a general upward trend in the production of medical supplies. Biologicals, sanitary materials and dental materials increased approximately 240, 280 and 220 percent respectively.



27. Production of sufficient pyrethrum emulsion, phenothiazine and other supplies has made the mosquito and fly control program a success. Approximately 4,500 knapsack type and semiautomatic pump type sprayers have been produced and distributed.

28. A program for production of absorbent cotton, gauze and bandages was started and was allocated approximately 2,000 bales of raw cotton imported from the United States.

Distribution

29. The monetary value of purchases and sales of controlled medicines for July was below the June average due to the quantity of low priced items handled during July but sales volume increased.

30. A large stock of cinchona bark and quinine was impounded in compliance with a SCAP directive. These stocks are in the hands of distributing agencies and stored in warehouses throughout Japan.

31. Approximately 150 items of medicines and 18 items of sanitary materials were removed from the controlled distribution list and will be distributed through normal commercial channels.

32. At the request of Peiping headquarters, four 200-bed Japanese field hospitals were dispatched to Hulutao, Manchuria, to care for repatriates enroute to Japan. In addition 16,000 pounds of vaccines were shipped to Peiping where they will be transhipped to Harbin,

Manchuria, for immunizing repatriates before they leave for the port at Hakutao.

Narcotics

33. With the transfer of 700 cases of Japanese military narcotics from an Occupation Forces medical depot to approved Japanese wholesale houses, all Japanese military medicinal narcotics have now been returned to the Japanese for custody and distribution under new narcotics regulations.

34. An investigation directed by narcotics control officers resulted in the arrest of four persons and in seizure of 500 ampoules of morphine and some heroin. This was the first detected violation of the new narcotics regulations.

35. One of the outstanding results of the new narcotics regulations, which require an inventory to be submitted at time of dealer registrations, is the receipt by SCAP-approved wholesale drug houses of large quantities of excess narcotics turned in by registrants.

PREVENTIVE MEDICINE

36. Maps, pages 232 and 233, show communicable disease rates by prefectures during July. Insets show annual average rates for 1940 through 1945 and monthly rates for 1946.

Cholera

37. New cases of cholera were reported in Chiba, Saitama, Toyama, Ishikawa, Osaka, Tottori, Shimane, Oita and Miyazaki Prefectures. Tokyo and Yamaguchi reported their first cases since 14 May and 22 June, respectively.

38. The incidence of cholera in northwest Kyushu and Yamaguchi, Shimane and Tottori Prefectures is being sustained by repeated fresh importation of cases and carriers by smugglers and illegal immigrants in spite of an augmented and stricter off-shore patrol.

39. The previously reported outbreaks in Fukuyama and Yokosuka were brought completely under control and no further cases were reported.

40. Repatriation ships arriving at Uraga, Senzaki, Hakata and Sasebo were found to be infected with cholera.

41. Adequate stocks of cholera vaccine are available, with an additional reserve of 10,000,000 cubic centimeters being maintained throughout the danger season.

Dysentery

42. The incidence of dysentery is following closely that of the corresponding period of 1945.

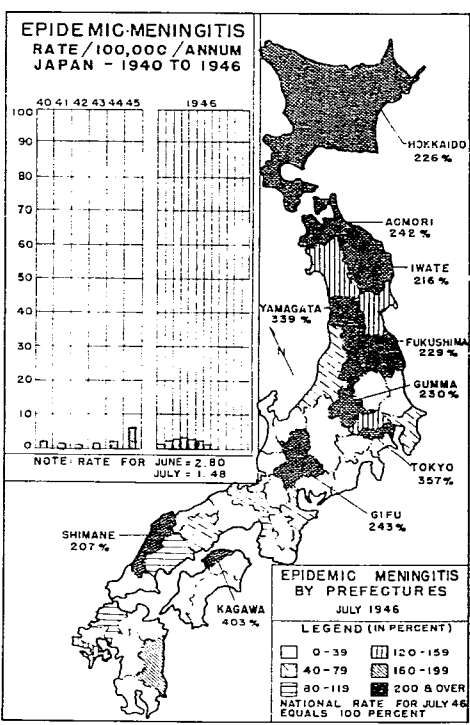
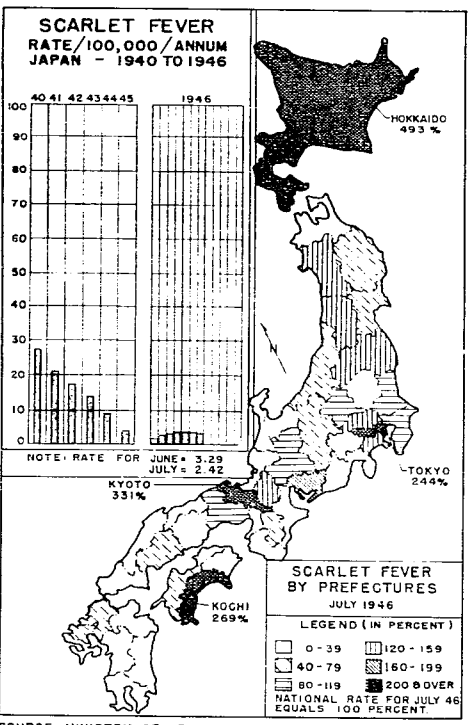
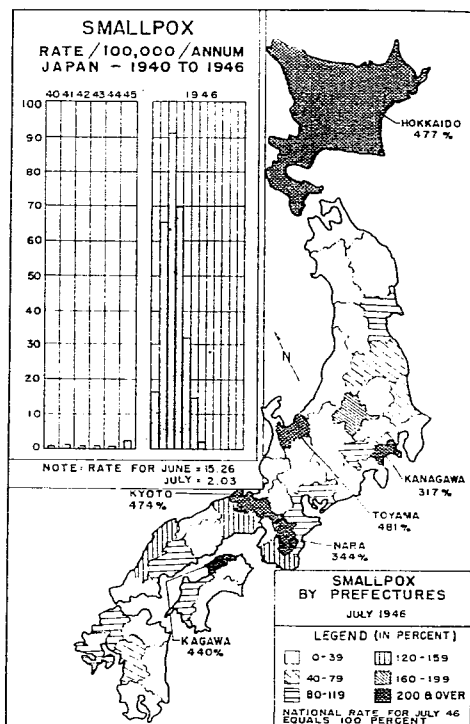
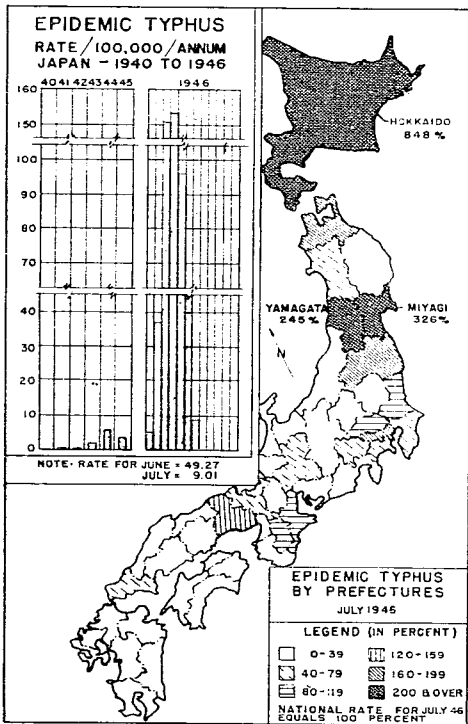
Typhoid and Paratyphoid

43. There was a slight rise in the incidence of both typhoid and paratyphoid fevers. In each case the rate remained below that for the corresponding period of 1945.

Smallpox

44. Only eight to 10 cases per week were reported during the month.

COMMUNICABLE DISEASES JAPAN



SOURCE: MINISTRY OF HEALTH AND WELFARE

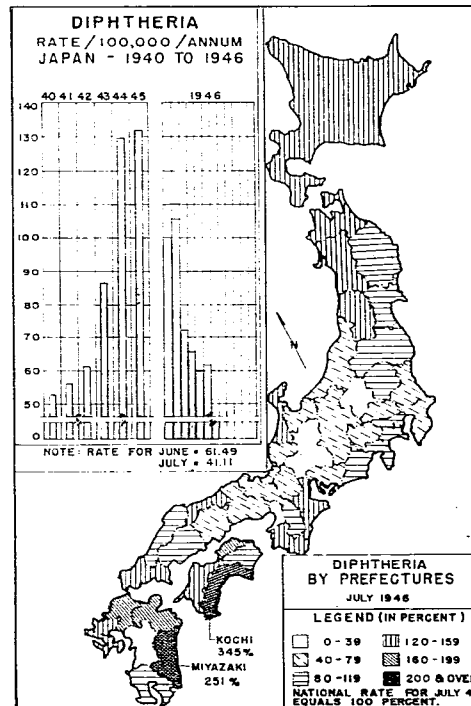
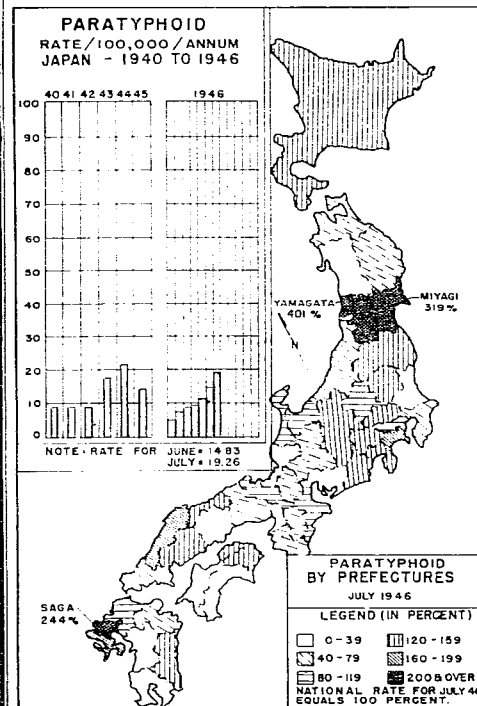
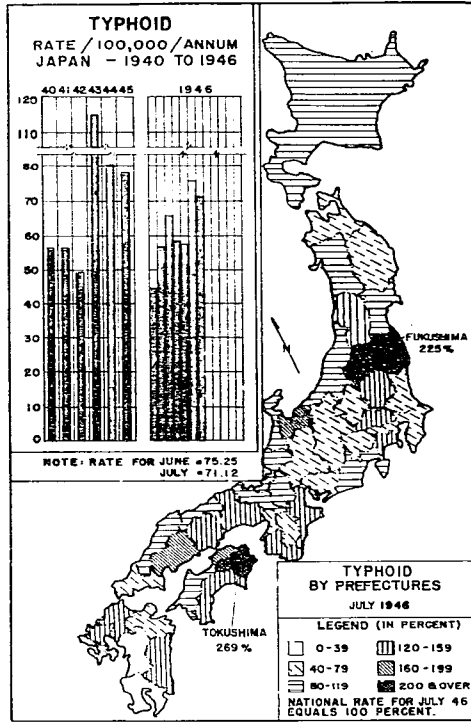
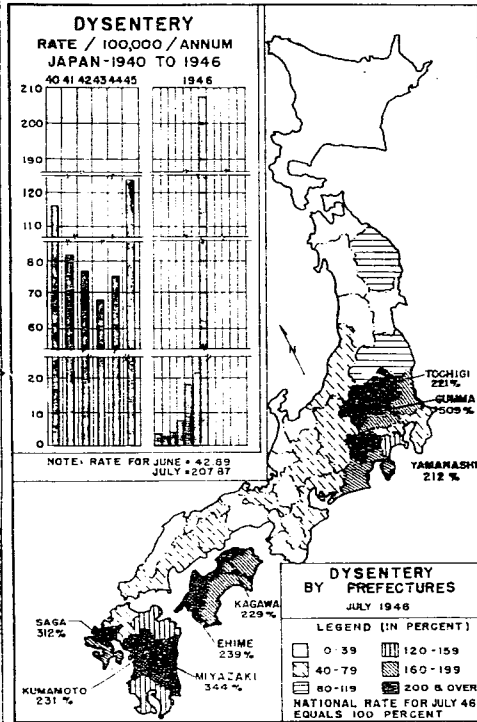
AUGUST 46

GHO-SCAP

NUMBER 73A

COMMUNICABLE DISEASES

JAPAN



SOURCE: MINISTRY OF HEALTH AND WELFARE

Sanitary Engineering

45. Chlorine was received from the United States to supplement the limited supply in Japan for treating water according to U.S. Army standards in cities with large concentrations of Occupation Forces personnel.

The supplies of Yokosuka, Yokohama and Kawasaki have been satisfactorily treated and are suitable for use by Occupation Forces personnel. A close check has been kept on the quality of the water supply.

Major improvements are being made on the Yokohama distributing system.

Insect and Rodent Control

46. The insect and rodent control program continued in all large cities. Reports indicate a general reduction in fly and mosquito populations from previous years. Additional larvicides and sprayers of Japanese manufacture were distributed.

47. A motion picture on mosquitoes and mosquito control produced under the supervision of the Ministry of Health and Welfare was distributed.

NUTRITION

48. The May nutrition survey by the Japanese Government was extended to include four additional cities, Sapporo, Sendai, Kanagawa and Matsuyama and eight more prefectures, Iwate, Miyagi, Toyama, Ishikawa, Fukui, Ehime, Kochi and Hokkaido.

49. The survey showed a general lack of vegetable supplements and a shortage of staple foods in the large cities.

50. Chart, page 235, shows that two thirds or more of the population had weights which fell within 10 percent of the standard or had gained weight. The restriction in quantity of food did not cause a marked change in body weight.

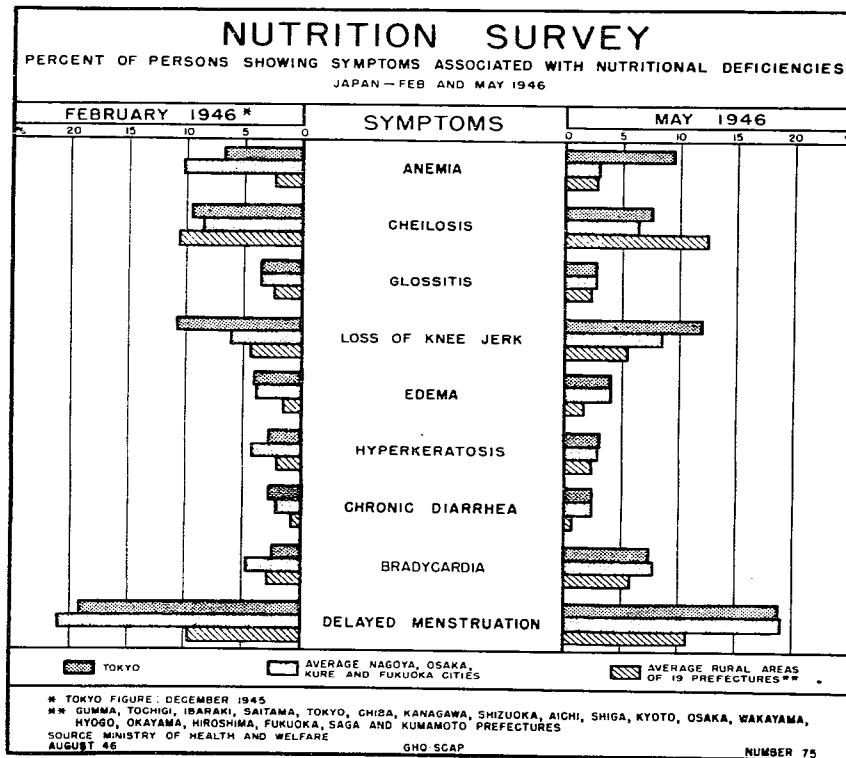
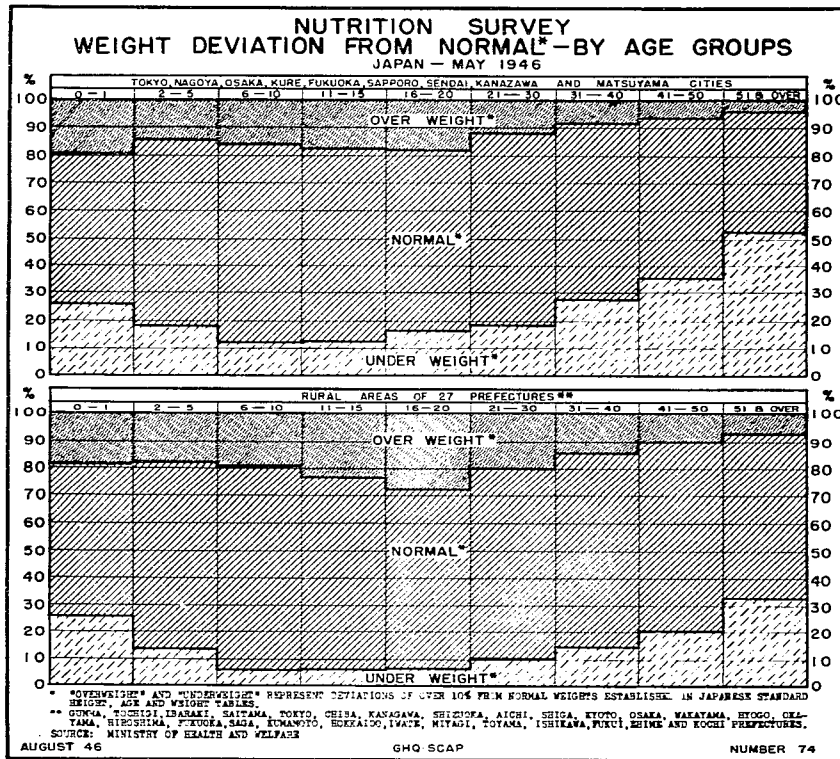
51. Chart, page 235, shows an increase in the percentages of knee jerk and bradycardia.

VITAL STATISTICS

52. The following table shows initial monthly report of vital statistics submitted to SCAP on 27 August. Reports of births, deaths, stillbirths, marriages and divorces are made to approximately 11,000 local government offices and forwarded through prefectural government offices to the Cabinet Bureau of Statistics.

MONTHLY VITAL STATISTICS REPORT

<u>Area</u>	<u>Births</u>	<u>Deaths</u>	<u>Stillbirths</u>	<u>Marriages</u>	<u>Divorces</u>
All Japan	161,871	133,506	7,245	43,866	8,067
Cities of 30,000 and over	44,518	37,676	2,415	11,972	2,276
All other places	117,353	95,830	4,830	31,894	5,791



53. The birth rate in July dropped five percent compared with the last available figures, for July 1943.

The death rate increased more than 30 percent. The number of deaths of infants under one year declined 24 percent below the last available figure, for July 1942. Stillbirths decreased 14 percent from 1941.

54. Marriages decreased more than 18 percent below the 1943 figure and in July 1946 there were 8,067 divorces.

55. For all Japan, the ratio of marriages reported to divorces was 5.4; in cities of over 30,000 it was 5.3 and in all other areas the ratio was 5.5.

56. For all Japan there was a ratio of approximately 121 births per 100 deaths, which is comparatively low. In the case of cities of 30,000 or over, the index figure was 118; in areas exclusive of such cities, 123.

57. The number of deaths reported exceeded the number of births in Fukui, Hyogo, Nagano, Nara, Osaka, Wakayama and Yamanashi Prefectures. In Toyama, Shiga, Kyoto and Kagoshima Prefectures the numbers of births and deaths were approximately equal.

SECTION 3

EDUCATION, RELIGION AND MEDIA OF EXPRESSION

C O N T E N T S

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Arts and Monuments.	13
Media of Expression	15

EDUCATION

Diet Resolution on Education

1. On 3 August the House of Representatives passed a resolution which was presented by a joint committee representing all political parties and pledged the reconstruction of Japanese education along democratic lines. The Minister of Education endorsed the action and on the floor of the House promised the full support of his administration to achieve its fulfillment.

The resolution asserts that a high level of national culture is essential to the training of the Japanese in an international, peace-loving outlook consonant with the renunciation of war as national policy and to gain the confidence of foreign nations.

Objectives are:

- (1) Establishment of a special organ of the Diet to effect radical reform of the existing educational system.
- (2) Emancipation of Japanese education from the shackles of bureaucracy by promoting decentralization.
- (3) Development and perfection of youth education.
- (4) Greater extension of social, scientific and physical education.
- (5) Accelerated rehabilitation of war-damaged school structures.
- (6) Replenishment of educational facilities and materials.
- (7) Reform of teacher-training institutions.

Japanese Educational Reform Committee

2. On 12 August an imperial ordinance established a Cabinet level Educational Reform Committee. The Committee will make recommendations to the Prime Minister and to SCAP on the democratization and decentralization of the Japanese educational system.

Originally the Committee was appointed by the Ministry of Education to assist the United States Education Mission in its study of the Japanese educational system. Members were selected to represent the various fields of teaching and educational administration

and types of educational institutions. After the departure of the Mission the Committee continued to make studies and periodic reports of its findings and recommendations.

The ordinance provides for a committee of 50 or fewer permanent members; temporary members may be appointed at any time when required for the investigation of special problems which require expert technical advice. Representatives of the Ministries may be present at committee meetings for consultation.

The members of the present committee are appointed by the Prime Minister on the advice of the Cabinet from among men and women of learning and experience in religious, cultural, political, economic, industrial and educational circles:

3. On 22 August the Ministry of Education ordered a nationwide comprehensive series of university extension lecture courses. The program is designed to acquaint the general public with the spirit of democracy and science and to strengthen the people's will for the construction of a new culture. Twenty-nine universities, colleges, higher schools, normal schools and social education bodies have begun organizing the first courses.

Instruction will be given in schools, civic halls, temples and other localities convenient for the assembly of the general public. The plan emphasizes explanation of the new constitution, understanding of social and natural sciences, financial conditions, international affairs and current events. Lectures will be supplemented by roundtable discussions, question-and-answer groups, experiments, field trips and student cultural associations.

Courses for Parents of Students

4. Courses formerly offered by elementary schools for the mothers of school children have been enlarged to include fathers. The Ministry of Education directed that classes for parents of both sexes will interpret ideas of democracy, develop civic spirit and give instruction in cultural subjects, household management, vocational training, home education, child training, hygiene, physical training and recreation.

Classes of approximately 50 persons will be conducted by local elementary, secondary or youth schools or the cultural section of local Citizens' Public Halls. Each will meet in accordance with a regular schedule. Certificates will be issued to persons who attend 80 percent or more of all classes. Expenses will be borne jointly by the Ministry of Education and local governments.

Advisory Committee on Seamen's Education

5. The Ministry of Transportation established an Advisory Committee on Seamen's Education to rehabilitate the existing educational system. Suggestions and recommendations are to be made by the Committee for the improvement of courses and administration in seamen's schools and the revision of examinations for masters, mates and engineers of merchant vessels.

Each of the 17 maritime schools involved elects one member to the 30-member committee and the Transportation Ministry appoints the remaining 13. Japanese maritime schools are financed by the Government and charge no tuition. Approximately 3,000 students are enrolled and the instructional staff is nearly 300 teachers.

Schools include the Higher Nautical Maritime School at Shimizu, which offers a four-year course to graduates of middle schools; five merchant marine schools, which offer a five and one half year course to graduates of higher primary schools; eight seamen's training schools, which offer a one-year course to graduates of higher primary schools; and three schools devoted exclusively to retraining seamen.

Teachers' Salaries

6. The budget for the current fiscal year presented to the Diet includes an appropriation of ¥ 253,359,309 to raise the salaries of all national educational officials and teachers in primary and youth schools to the level of other government employees of the same rank.

The sum provides for base salaries, allowances, bonuses and special extraordinary allowances. Approximately 80 percent of Japanese teachers are affected by the raise in salary. Similar equalization for teachers of other levels is planned for the supplementary budget to be presented to the Diet at a later date.

Conference of Librarians

7. From 15 through 18 August a conference of librarians from all parts of Japan was held at the Ueno Imperial Library in Tokyo. The purpose of the meeting was to strengthen national libraries and reorganize the Japan Library Association and Library School.

The first national conference of prefectural librarians had been held in Tokyo on 25 and 26 June. This group recognized the need for unification of libraries in Japan and for positive revision of legislation related to libraries. Thereafter librarians of each six or seven adjoining prefectures formed regional blocs throughout Japan and held regular bloc meetings.

The chairmen of the regional blocs attended the August conference as delegates. They discussed recommendations made at the regional meetings to co-ordinate a policy for presentation through the Ministry of Education to the Diet. The delegates expressed a unanimous desire to make Ueno Library the nucleus and starting point for a national interlibrary loan system and union catalog. They also planned to petition the Government to grant a subsidy for the rehabilitation of war-damaged libraries which constitute 50 percent of the total.

Screening of Teachers

8. The Ministry of Education announced that on 31 July 15,992 teachers and educational officials had been processed under Imperial Ordinance No. 263 to eliminate militaristic and ultranationalist elements from the Japanese educational system and reinstate teachers who had been dismissed by the militarists for liberal sentiments.

Results of the screening are given in the accompanying table.

<u>Action</u>	<u>Elementary and Secondary</u>			<u>Higher</u>	<u>University</u>
	<u>Secondary</u>				
Examined	11,825			2,402	1,765
Automatically removed	145			0	163
Dismissed	9			2	12
Reinstated	1			0	3

Normal Schools

9. The Ministry of Education reported the following data on normal schools for March 1946:

	<u>Higher Normal</u>	<u>Normal</u>	<u>Youth Normal</u>	<u>Total</u>
Operating	9	107 a/	45	161
Destroyed	4	21	1	26
Damaged	2	23	7	32
Teachers	776	4,939	781	6,496
Students	6,117	55,098	10,744	71,959
Graduates	664	14,128	3,063	17,855

a/ Includes 52 schools for women only with a total enrollment of 17,090.

RELIGION

Shinto

10. On 19 August the Ministry of Education issued instructions to all prefectural governors prohibiting assistance from neighborhood associations and other local civic groups to Shinto shrines. In many communities such organizations were collecting financial contributions for shrines, making payments for religious services and distributing amulets, charms and shrine talismans. The Ministry order declared such activities were improper and contrary to the SCAP directive of 15 December 1945 forbidding state support or sponsorship of Shinto.

State-Owned Precincts of Shrines and Temples

11. An ordinance was promulgated applying existing regulations relative to the management of trees and bamboos to shrines as well as temples. This will be effective until final disposition of state-owned precincts of shrines and temples is made. The ordinance was accompanied by a notification to prefectural governors that no shrine would be permitted to cut any timber from its state-owned precincts for purposes of income.

Postage Stamp Designs

12. In accordance with the SCAP directive of 13 May prohibiting the use of propagandistic designs in stamps and currency and requiring the approval of SCAP for all future designs, the following designs for the new issue of Japanese postage stamps were approved:

<u>Stamp</u>	<u>Design</u>
¥ 0.15	Portrait of Baron Maeshima
0.20	Agricultural design
1.50	Kintai Bridge
5.00	Two goldfish

Baron Maeshima, the first Minister of Communications in Japan, was the founder of the modern Japanese postal system and a pioneer in the reform of national language characters.

ARTS AND MONUMENTS

Civil Reports on Cultural Holdings

13. A summary of reports submitted by agencies of the Japanese Government on cultural materials in all prefectures follows:

	<u>August Report</u>	<u>Total</u>
Localities (cities or towns)	581	3,584
Sites (areas, compounds or installations)	980	5,156
Parks or gardens	466	1,953
Structures	375	2,837
Collections or isolated objects	417	2,278
<u>Contents</u>		
Paintings	560	4,638
Sculptures	572	5,188
Manuscripts	12,355	305,908
Applied arts	921	4,990

Distribution

14. Sites and areas considered to have cultural significance in Nagano, Yamanashi, and Shizuoka Prefectures are shown on the map, page 242.

MEDIA OF EXPRESSION

	<u>Paragraph</u>
Information Programs.	15
Radio	19
Press and Publications.	22
Motion Pictures	36
Theater	39
Library	40

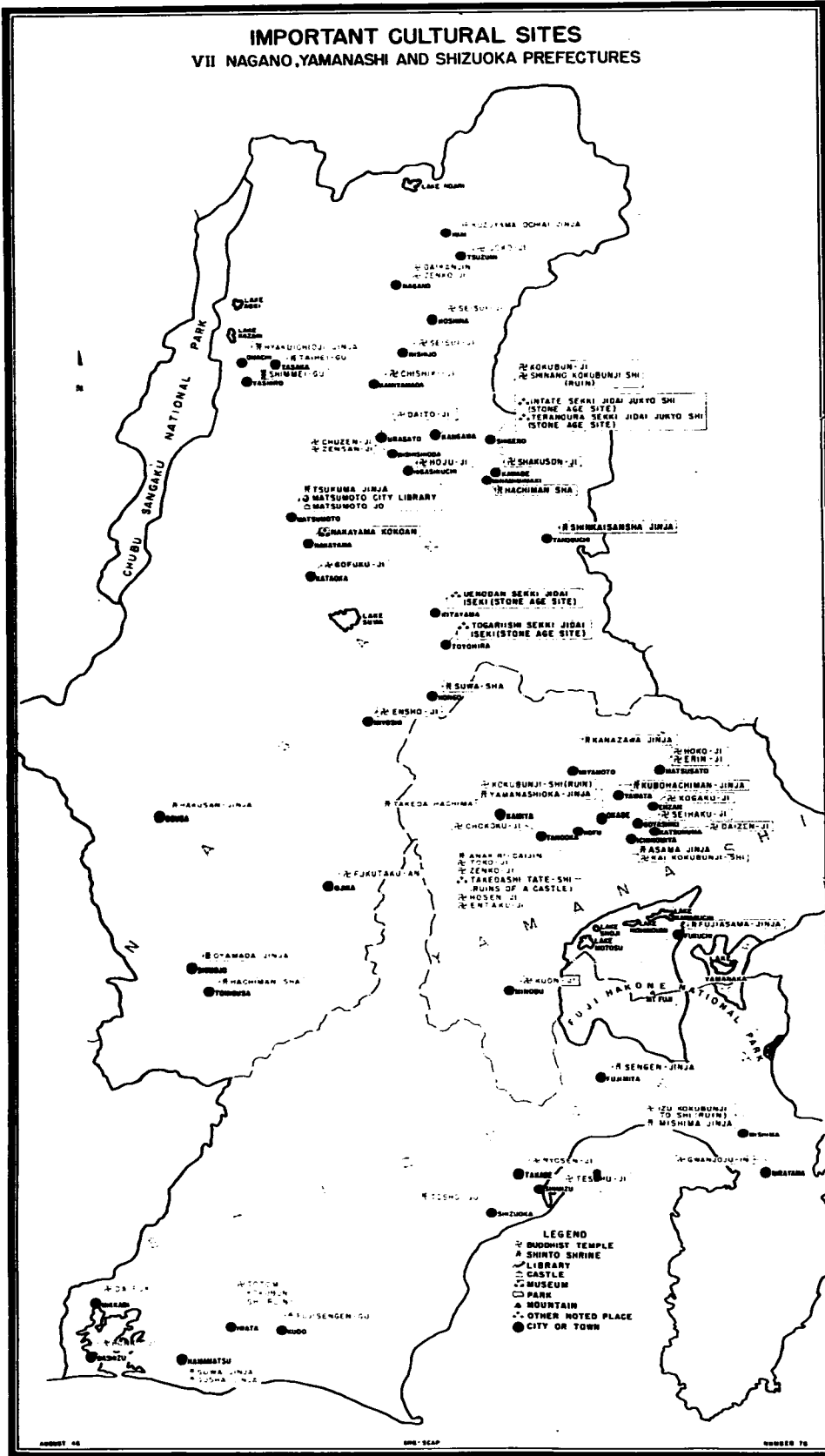
INFORMATION PROGRAMS

Women

15. "Procedures for Democratic Organizations," the handbook on parliamentary procedure, is serving as a guide for the democratic reorganization of women's clubs throughout Japan. Some organizations have reprinted and distributed the book to their entire membership. Classes on parliamentary procedure use it as a text. The Ministry of Education announced 50,000 copies would be distributed by 15 September to prefectural capitals.

The New Japan Women's League used it in classes in eight cities in Hokkaido. Similar classes will be held in 30 other cities.

IMPORTANT CULTURAL SITES
VII NAGANO, YAMANASHI AND SHIZUOKA PREFECTURES



16. Information on how women in the United States are organizing for the coming elections was furnished to heads of women's sections of the various political parties. Women are now organizing for local election campaigns.

Coal

17. On 22 August a weekly radio series, the "Coal Miners' Hour," was inaugurated to aid in the solution of Japan's current critical fuel problem. The program directs an urgent appeal to Japan's coal miners to raise production to a minimum quota of 2,500,000 tons monthly.

The initial broadcast in the series described the national fuel situation and was preceded by a recorded address by the Prime Minister. He emphasized the individual miner's responsibility in alleviating the shortage and promised that the Government would do all in its power to improve the miners' working and living conditions. Succeeding broadcasts will concentrate on localized studies of individual mines and miners and make a point of congratulating specific workers for outstanding efforts to raise production.

The first five minutes of each broadcast consist of news of the industry; the remaining 55 minutes include speeches and entertainment addressed to individual mining regions as a means of boosting the miners' morale and recruiting new workers for the industry.

Press conferences will publicize the seriousness of the crisis in coal production.

Agriculture

18. On 5 August the Chief of the Staple Foods Bureau announced on the "Farmers' Hour" that crop delivery quotas assigned to the farmers would no longer be kept secret but would be published together with the quotas for towns and villages, the gun and prefecture. He asserted this policy would prevent black-marketing activities by making Government officials responsible for crop collection.

The speech was recorded by newreel photographers and released to the press which gave it considerable attention. A later broadcast of the "Farmers' Hour" will further publicize the policy by having three farmers from widely scattered prefectures report how the publication of quotas is being carried on in their villages. Farmers' organizations were encouraged to disseminate information of the policy to their members.

RADIO

Radio Forum

19. The Radio Forum dealt with the social problems of repatriation, the new education and National Public Assistance legislation. Audience reception and response in Sendai and Hiroshima was enthusiastic. Local papers gave extensive coverage to the forums. Some showed photographs of the proceedings and devoted nearly a fifth of an issue to the event.

To expedite questions from the floor and avoid confusion a new system of section monitors was instituted to check the relevancy of questions to the subject of discussion. As a result the number of questions possible during a forum was increased and lengthy ramblings and irrelevant tirades were eliminated.

New Programs

20. On 5 August a series of five broadcasts on the United Nations Organization in dramatized form was inaugurated. The initial broadcast traced the history of the organization from its inception to the San Francisco Conference. Succeeding programs emphasized the machinery and objectives of the organization and its responsibility for preserving the peace of the world.

21. The broadcast schedule for one week is shown in the chart, page 245.

PRESS AND PUBLICATIONS

Conferences at International Military Tribunal

22. A series of weekly press conferences was inaugurated at which official representatives of the International Military Tribunal's prosecution or defense staff clarified the proceedings of the trials of Class A war criminals. Attorneys designated by the Chief Prosecutor explained courtroom procedure and answered questions on the conduct and objectives of the trials.

Releases

23. There were 87 news and 50 photographic releases to newspapers and 135 magazine and 33 photographic releases to magazines.

Press Conferences

24. SCAP representatives held 12 conferences with reporters of Tokyo newspapers, one special conference with representatives of the prefectural press, one special conference with presidents and editors-in-chief of Tokyo newspapers and four conferences with magazine editors and writers. One special conference was held with editors and writers of women's magazines and one lecture was delivered to the Jiji News Service.

Conference topics included Japan's orphan problem, university education in America, the dissolution and reorganization of Zaibatsu companies, an adult education program for Japan, the distribution of imported foodstuffs, democratic club organization, voluntary welfare organizations, fire prevention and fire fighting, nutrition, nursing affairs in Japan and the operation of the secondary school system in America.

Tokyo Press Comment

25. Comment in Tokyo newspapers centered upon two events directly connected with the war, the Paris Peace Conference and the first anniversary of Japan's defeat. The press demonstrated a fresh capacity for alert news presentation and penetrating editorial approach. Major papers indicated a growing interest in world affairs after a long period of almost exclusive concern with domestic issues.

The anniversary of the cessation of hostilities was observed in three papers by doubling the normal two-page format and all leading journals devoted conspicuous attention to reviews of the year under the Occupation.

26. In the economic sphere discussion of possible foreign investments in Japan brought favorable comment from several moderate papers but left-wing critics expressed fears of outside domination of the economy.

WEEKLY BROADCAST SCHEDULE BROADCASTING CORPORATION OF JAPAN

NO. 1 TRANSMISSION *

TIME	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
0500-0510	News	Same	Same	Same	Same	Same	Same
0510-0515	Weather and Music	Same	Same	Same	Same	Same	Same
0515-0525	Farm Facts	Same	Same	Same	Same	Same	Same
0525-0530	Local	Same	Same	Local	Same	Same	Same
0530-0545	Japanese Music	Variety	Same	Same	Same	Same	Japanese Music
0545-0600	News	Same	Same	Same	Same	Same	Same
0600-0615	Repatiate Information	Same	Same	Same	Same	Same	Same
0615-0620	Japanese Music	Missing Persons	Same	Same	Same	Same	Japanese Music
0620-0630	Waltz Music	Light Music	Same	Same	Same	Same	Waltz Music
0630-0645	Selected Speakers	Same	Same	Same	Same	Same	Same
0645-0700	News	Same	Same	Same	Same	Same	Same
0700-0715	Citizen's Hour (Local)	Same	Same	Same	Same	Same	Same
0715-0730	Light Music	English Language	Same	Same	Same	Same	Music Appreciation
0730-0745	Same	Same	Same	Same	Same	Same	Same
0745-0800	Christian Program	Men Wanted (Music)	Same	Same	Same	Same	Same
0800-0815	Recorded Artists	Light Music	Same	Same	Same	Same	Same
0815-0830	Recorded Artists	Japanese Classical Music	Same	Same	Same	Same	Same
0830-0845	News	Same	Same	Same	Same	Same	Same
0845-0900	Light Music	Same	Same	Same	Same	Same	Same
0900-0915	Japanese Classical Music	Recorded Artists (Local)	Same	Same	Same	Same	Same
0915-0930	Music	Children's Program	Same	Same	Same	Same	Same
0930-0945	Book Review	Light Music	Same	Same	Same	Same	Same
0945-1000	Children's Music	Light Music	Same	Same	Same	Same	Same
1000-1015	Shinto Program	School Hour	Current Events	School Hour	Current Events	School Hour	Same
1015-1030	Light Music	Same	Same	Same	Same	Same	Same
1030-1045	News	Same	Same	Same	Same	Same	Same
1045-1100	News	Same	Same	Same	Same	Same	Same
1100-1115	News	Same	Same	Same	Same	Same	Same
1115-1130	News	Same	Same	Same	Same	Same	Same
1130-1145	News	Same	Same	Same	Same	Same	Same
1145-1200	News	Same	Same	Same	Same	Same	Same
1200-1215	New Pacific Band	Organ Music	Vocal Program	Popular Music	Organ Music	Popular Music	Mission Brass Band
1215-1230	Japanese Popular Music	Recorded Events-- Popular Music	Man on the Street	Recorded Events-- Popular Music	Japanese Popular Music	Recorded Events-- Popular Music	Variety
1230-1245	Special Events	Women's Hour	Same	Same	Same	Same	Special Events
1245-1300	Special Events	Light Music	Same	Same	Same	Same	Special Events
1300-1315	Special Events	Missing Persons	Same	Same	Same	Same	Special Events
1315-1330	Special Events	Japanese Music	Same	Same	Same	Same	Special Events
1330-1345	News	Same	Same	Same	Same	Same	Same
1345-1400	Special Events	Light Music	Same	Same	Same	Same	Special Events
1400-1415	Special Events	Teachers' Hour	Repeat Performance Music	Teachers' Hour	Repeat Performance Music	Teachers' Hour	Special Events
1415-1430	Special Events	Patients' Hour	Same	Same	Same	Same	Special Events
1430-1445	Off the Air	Same	Same	Same	Same	Same	Same
1445-1500	Off the Air	Same	Same	Same	Same	Same	Same
1500-1515	News	Same	Same	Same	Same	Same	Same
1515-1530	Special Events	Light Music	Same	Same	Same	Same	Special Events
1530-1545	Special Events	Teachers' Hour	Repeat Performance Music	Teachers' Hour	Repeat Performance Music	Teachers' Hour	Special Events
1545-1600	Special Events	Patients' Hour	Same	Same	Same	Same	Special Events
1600-1615	Off the Air	Same	Same	Same	Same	Same	Same
1615-1630	Off the Air	Same	Same	Same	Same	Same	Same
1630-1645	Off the Air	Same	Same	Same	Same	Same	Same
1645-1700	Off the Air	Same	Same	Same	Same	Same	Same
1700-1715	News	Same	Same	Same	Same	Same	Same
1715-1730	Songs Japan Loves	Japanese Music	Same	Same	Same	Same	Same
1730-1745	Children's Hour	Same	Same	Same	Same	Same	Same
1745-1760	News	Same	Same	Same	Same	Same	Same
1760-1815	Labor Program	Citizens of Tomorrow	Selected Speakers	Citizens of Tomorrow	Management Program	Tokyo Radio Chorus	Information Please
1815-1830	Repatiate Information	Labor News	Same	Same	Same	Same	Same
1830-1845	Information	Same	Same	Same	Same	Same	Same
1845-1900	Music Appreciation	English Language	Same	Same	Same	Same	Summer Program
1900-1915	News	Same	Same	Same	Same	Same	Same
1915-1930	Domestic Concert	Trial Reports	Our Peaceful Home	Nippon Symphony	This Week's Topper	Sports Show	Variety
1930-1945	Japanese Classical Music	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling	Studio Concert
1945-2000	Trial Summary	Stage and Radio Drama	Request Program	Japanese Stories and Music	Japanese Classical Music	Story Telling	Studio Concert
2000-2015	Trial Summary	Stage and Radio Drama	Request Program	Japanese Stories and Music	Japanese Classical Music	Story Telling	Studio Concert
2015-2030	Trial Summary	Stage and Radio Drama	Request Program	Japanese Stories and Music	Japanese Classical Music	Story Telling	Studio Concert
2030-2045	Trial Summary	Stage and Radio Drama	Request Program	Japanese Stories and Music	Japanese Classical Music	Story Telling	Studio Concert
2045-2100	Trial Summary	Stage and Radio Drama	Request Program	Japanese Stories and Music	Japanese Classical Music	Story Telling	Studio Concert
2100-2115	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2115-2130	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2130-2145	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2145-2200	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2200-2215	Light Music	Same	Same	Same	Same	Same	Same
2215-2230	News Roundup	Same	Same	Same	Same	Same	Same

NO. 2 TRANSMISSION **

0630-0645	Japanese Music	Light Music	Same	Same	Same	Same	Japanese Music
0645-0700	South American	Current English	Same	Same	Same	Same	Children's Stories
0700-0715	Rhythms	Same	Same	Same	Same	Same	Same
0715-0730	Off the Air	Same	Same	Same	Same	Same	Same
0730-1000	Special Events	Same	Same	Same	Same	Same	Same
1700-1715	Music Appreciation	Same	Same	Same	Same	Same	Same
1715-1730	News	Same	Same	Same	Same	Same	Same
1730-1745	News	Same	Same	Same	Same	Same	Same
1745-1800	News	Same	Same	Same	Same	Same	Same
1800-1815	Commentary	Same	Same	Same	Same	Same	Same
1815-1830	Students' Hour	Same	Same	Same	Same	Same	Same
1830-1845	News	Same	Same	Same	Same	Same	Same
1845-1900	News	Same	Same	Same	Same	Same	Same
1900-1915	Story Telling	Trial Reports	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
1915-1930	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
1930-1945	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
1945-2000	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
2000-2015	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
2015-2030	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
2030-2045	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
2045-2100	Story Telling	Recital	Our Peaceful Home	Selected Speakers	Light Music	Japanese Popular Music	Story Telling
2100-2115	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2115-2130	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2130-2145	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2145-2200	Diet Roundtable	Women's Hour	Same	Same	Same	Same	Selected Speakers
2200-2215	Light Music	Same	Same	Same	Same	Same	Same
2215-2230	News Roundup	Same	Same	Same	Same	Same	Same

* The No. 1 Transmission offers blanket coverage of all Japan.
** The No. 2 Transmission is programmed specifically for Sapporo, Sendai, Toyo, Nagoya, Osaka, Hiroshima, Matsuyama and Kumamoto.

SOUR: Broadcasting Corporation of Japan.

Shortages in food and housing, combined with inflation and unemployment, spurred editorial interest in the problems of overpopulation and restricted living space. Announcement of the second government-sponsored farmland reform bill drew mild press approval although several writers charged that the measure would favor landowners over tenant operators.

Prefectural Press Comment

27. The anniversaries of the Potsdam Declaration and the defeat of Japan were marked by a series of editorials which praised the "wisdom, tolerance and generosity" of the Allies and expressed gratitude for "liberty instead of submission." Most papers were in agreement that "the nation, under the Allies' occupation policy, has gradually regained its calmness and order and has discovered that the brightest hope and straightest road to resurrection lies in the faithful fulfillment of the terms of the declaration."

28. The refusal of the Social Democratic Party to permit Communist participation in the Democratic League for National Salvation brought an immediate and widespread response from the prefectural press. A majority of writers expressed regret and disappointment at the Social Democrat decision. Three schools of thought were represented: one blamed the right wing of the Social Democrats, one blamed the Communists and the majority contended that a democratic front must be realized at all costs. A second group welcomed the break as clarifying a muddled political situation.

Less interest was shown in the rumored merger of the Liberal and Progressive Parties. It was believed that such a fusion would be logical but there was no indication that a united conservative party would receive more than the meager support papers have given the Liberals and Progressives individually.

29. Criticism of the proposal to classify certain prefectural authorities as government rather than public officials under the pending reform of local government increased. Many papers assailed the plan as a return to the old centralization of power and vigorously defended local autonomy as essential to the democratization of rural Japan.

30. The policy announcements by the Finance Minister aroused doubt and suspicion that the Government's proposals were inflationary and would prevent production and full employment. It was agreed that fictitious capital might be abolished to some extent but that the drastic relief of the financial world would aggravate inflation and new fictitious wealth would appear. Several prefectural writers welcomed the idea of seeking foreign capital to aid in reconstruction.

31. Comment on the rising cost of living and growing unemployment increased. A majority of articles predicted a still larger number of idle laborers. The continued rise in cost of living was attributed in many cases to the failure of yen restrictions as a control on the national economy and writers agreed that greater production of essential commodities is the only solution for Japan's economic problems.

32. Earlier discussion of the draft constitution which criticized particular articles contained in the document was superseded by a shift to more generalized statements. Concern over the origin of the draft was noted in some discussions and several writers indicated the belief that it was not liberal enough to meet SCAP expectations.

33. Some Japanese magazines began to treat industrial problems

from the point of view of existing conditions rather than in terms of broad generalizations and assumptions.

34. Fear that the aftermath of war would contribute directly to an increase in juvenile delinquency was a topic of discussion in nearly all magazines of a general nature. Periodicals agreed that juvenile crime was widespread and some writers treated the teen-age Japanese girl as an adjunct of this problem. A parallel question in the minds of many writers was the fear that new freedom for Japanese women would lead to unfortunate attitudes toward marriage and home life.

35. Japanese opinion of America's relations with the rest of the world continued to be a frequent subject for magazine discussion.

MOTION PICTURES

Educational Films

36. Scripts for six educational films were reviewed. They included:

- (1) "Song Album No. 4" and "Song Album No. 5," two musical shorts composed of currently popular songs.
- (2) "Edible Wild Plants," a slide film which presents the possibilities of using wild plants as food.
- (3) "The Past Year," a documentary that traces the development of events in Japan during the first year of the Occupation.
- (4) "To the Bright Street," a two-reel silent film designed to educate pedestrians in traffic regulations to eliminate street accidents.
- (5) "Architecture in Ancient Japan," a slide film, traces the development of Japanese architecture from ancient times and shows its influence on present-day buildings.

Films Previewed

37. Four feature films were previewed. They included:

- (1) "Eleven High School Girls," the story of an attempt by 11 high school girls to make the privately owned school they attend democratic.
- (2) "Shimiken's Marathon," a light comedy in which a university marathon runner becomes involved in a triangle with a poor girl and the daughter of a wealthy industrialist.
- (3) "The Woman Who Holds the Key" depicts a mother and her two daughters whose problem of managing an apartment house is aggravated by the housing shortage.
- (4) "Your Hand, My Dear Damsel" portrays a doctor who opens his office in a small country town and attempts to teach the country people the true principles of health.

Tax-Exempt Raw Film Control Committee

38. The Motion Picture Producers Association reported the formation of a standing committee within its organization to handle the allocation of tax-free film for newsreels. Composed of representatives of the newsreel companies, raw film producers and raw film distributors, the committee will:

- (1) Establish a standard by which to define newsreels.
- (2) Plan fair distribution of tax-free raw film.
- (3) Review applications for delivery of tax-free raw film and inspect the quantity consumed.
- (4) Prevent unfair outflow of tax-free film.

THEATER

Ballet

39. From 9 through 30 August Technaikovsky's "Swan Lake" was presented by the Tokyo Ballet Group to enthusiastic audiences. Produced by the Toho Kabushiki Kaisha it was the first full-length ballet in Japanese theatrical history and the first ballet to be publicly performed in seven years.

LIBRARY

40. The SCAP Information Library for Japanese was used by 7,743 patrons. Five hundred two books received from confiscated libraries were catalogued and placed on the shelves.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN

Number 11

August 1946

APPENDIX

REVIEW OF THE OCCUPATION
30 August 1945-31 August 1946

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Section 2. Actions and Accomplishments of the Occupation . .	255
Section 3. Economic Progress	271

SECTION 1

ORGANIZATION UNDER SCAP

C O N T E N T S

	Paragraph
Initial Actions	1
Organization of GHQ SCAP	4
Administration of Control over Japan	5

INITIAL ACTIONS

1. General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers (SCAP), landed at Atsugi Airfield on 30 August 1945 and established his headquarters at Yokohama.

On 2 September 1945 the Instrument of Surrender was signed aboard the USS Missouri in Tokyo Bay.

On the same date Directive No. 1 GHQ SCAP was issued providing for the surrender and disarmament of all Japanese forces wherever located.

On 3 September Directive No. 2 GHQ SCAP established Occupation Forces in designated areas and set controls over the disarmament and demobilization of the Japanese armed forces.

In the following two-week period, numerous memoranda were issued on the military phases of the Occupation, the release of prisoners of war and related matters.

On 15 September General Orders No. 170 GHQ AFPAC established the Economic and Scientific Section.

2. GHQ AFPAC moved to Tokyo on 17 September 1945.

On the same date General Orders No. 183 GHQ AFPAC activated the Civil Information and Education Section.

3. Numerous memoranda were issued in the latter part of September directing the Japanese Government to furnish information on commodity prices, production of various essentials, governmental controls over industry and similar activities.

ORGANIZATION OF GHQ SCAP

4. Fourteen special staff sections assist SCAP in the democratization of Japan and rehabilitation of its national economy under terms of the Potsdam Declaration. The sections are listed below with the dates of activation.

- (1) The Economic and Scientific Section (2 Oct 1945).
- (2) The Civil Information and Education Section (2 Oct 1945).
- (3) The Office of General Procurement Agent (2 Oct 1945).

- (4) The Natural Resources Section (2 Oct 1945).
- (5) The Public Health and Welfare Section (2 Oct 1945).
- (6) The Government Section (2 Oct 1945).
- (7) The Legal Section (2 Oct 1945).
- (8) The Civil Communications Section (2 Oct 1945).
- (9) The Statistical and Reports Section (2 Oct 1945).
- (10) The Civil Intelligence Section (2 Oct 1945).
- (11) The International Prosecution Section (8 Dec 1945).
- (12) The General Accounting Section (24 Jan 1946).
- (13) The Civil Property Custodian (8 Mar 1946).
- (14) The Diplomatic Section (18 Apr 1946).

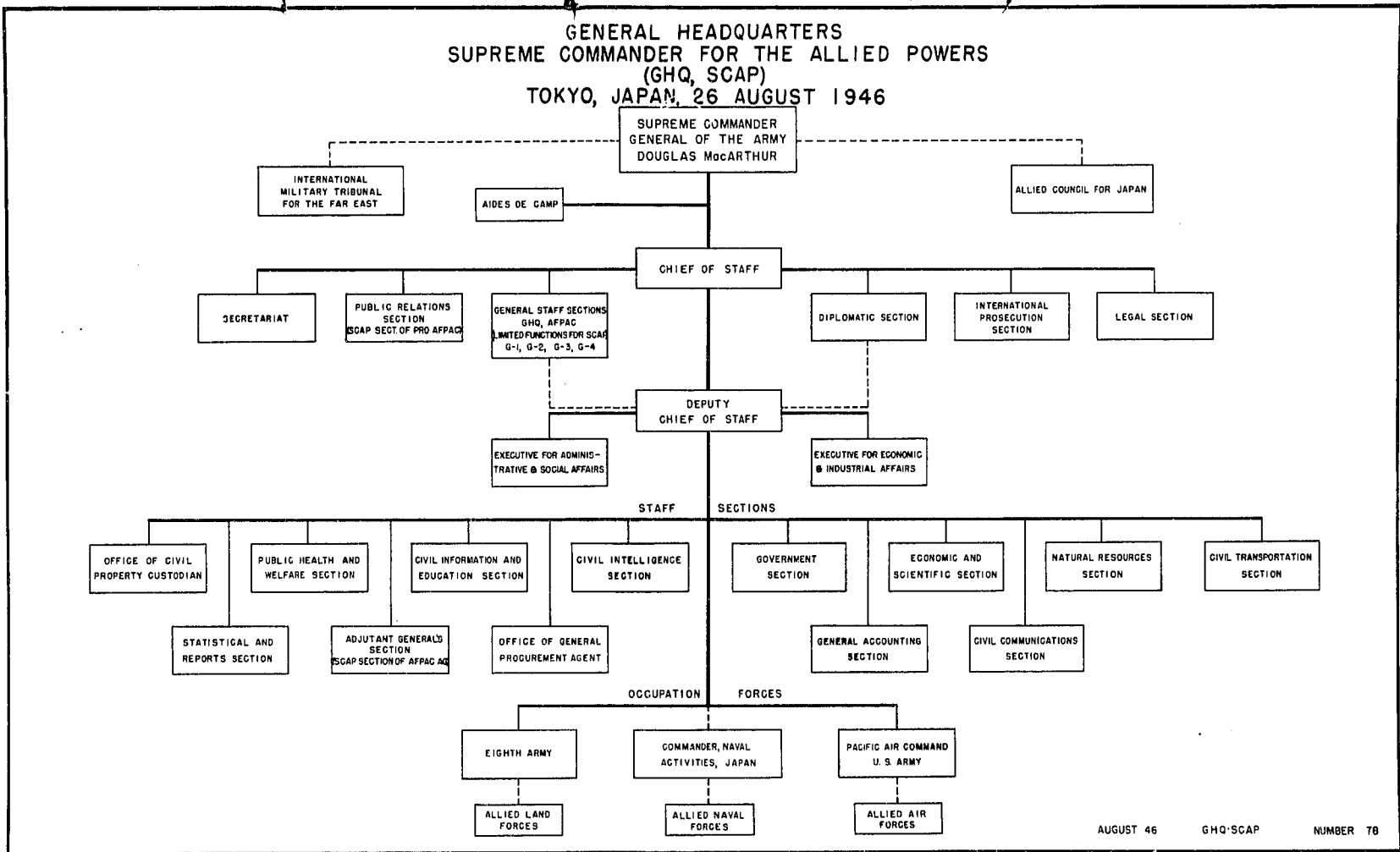
ADMINISTRATION OF CONTROL OVER JAPAN

5. In contrast to traditional forms of military government, Japan's governmental facilities are used to implement SCAP directives. SCAP directives and memoranda are transmitted to the Japanese Government through the Central Liaison Office, a Japanese agency.

On prefectural and local levels the EIGHTH Army performs such supervisory functions as are directed by SCAP. Military government officers and units are assigned to the EIGHTH Army and its Corps.

SCAP's method thus encourages the growth of democratic procedures in Japan by giving fullest possible play to Japanese initiative and at the same time provides close and effective control over government activities.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
(GHQ, SCAP)
TOKYO, JAPAN, 26 AUGUST 1946



-23-

0801

SECTION 2

ACTIONS AND ACHIEVEMENTS OF THE OCCUPATION

C O N T E N T S

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Inflation and Its Control	15
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1. Defeat upset Japan's war-designed Government, society and economy. Political turmoil, social unrest and a disorganized economy characterized Japan when, on 2 October 1945, SCAP headquarters was established in Tokyo.

2. Production of arms, ammunition and other implements of war was stopped immediately. The industries of war potential were specified to the Japanese Government which was directed to safeguard the industries and all their records and to submit detailed inventories of all significant plants in these industries and materials in their possession.

Demobilization and Repatriation

3. Demobilization of Japan's armed personnel was placed under the jurisdiction of the Japanese War and Navy Ministries. Upon completion of demobilization in the Home Islands these Ministries were abolished and replaced on 1 December 1945 by the First and Second Demobilization Ministries, organized on a temporary basis to control repatriation and demobilization of personnel still overseas. In June 1946 these two Ministries were closed and their combined functions taken over by a Demobilization Board.

4. Repatriation of overseas troops and civilians began in early October 1945. There were approximately 6,016,400 Japanese to be repatriated and 1,388,296 foreign nationals in Japan to be repatriated, 1,164,159 of these Koreans. By 1 September 1946, 4,402,357 Japanese had been returned to the Home Islands and 1,003,997 foreign nationals repatriated from Japan, including 910,159 Koreans.

FOOD SUPPLY

5. Lack of fertilizer, bad weather, cessation of imports and shortages of labor and equipment created a critical food shortage during the first year of the Occupation. In accordance with SCAP policy to prevent mass starvation in Japan, careful marshalling of food resources was undertaken and emergency steps were instituted to stimulate production in agriculture and fisheries.

Food Distribution

6. It was necessary for SCAP to encourage the Japanese Government to take strong measures in order to provide equitable distribution of foods. SCAP had also to insure that these actions were not contrary to the Occupation's democratic objectives. The Emergency Food Ordinance promulgated in February 1946 enabled the Government to regain control over its crop collection program and yet safeguard the individual rights of farmers.

7. The shortage of foods became serious in the major cities in the spring as stocks of government-controlled rice dwindled. A nutritional survey in May showed the average diet of urban families to be low in caloric value and revealed evidences of malnutrition.

8. The Japanese Government redoubled its efforts to collect staple foods and curtailed the special ration to workers in heavy industries, but domestic food stocks were insufficient to meet the minimum daily ration of staple foods.

Release of Imported Foods

9. In order to avert starvation, disease and unrest which could have endangered the objectives of the Occupation, SCAP began releases of imported and surplus U.S. Army stocks of grain, flour and canned goods in April 1946. At first only a few prefectures were affected, but by August it was necessary to release imported foods in 23 prefectures. More than 400,000 metric tons of imported food were distributed efficiently by the Japanese Government under SCAP surveillance. This food not only prevented mass starvation but served as proof to the Japanese people that the Allied Powers were endeavoring in every way possible to aid in rebuilding a democratic Japan.

Moves to Increase Production

10. Fertilizer was the chief agricultural need. By channeling fuels and materials into plants capable of immediate operation, fertilizer production has been doubled since January 1946.

The agricultural program also included food conservation, land reclamation, increased grazing, technical advice directly to producers and the direction of more than 100 research projects.

11. The fishing industry had to overcome shortages of boats, nets, fuel oil and other supplies and equipment. Under SCAP's direction cotton was imported to increase production of nets, vessel repair facilities were enlarged, oil and salt were channeled into the fishing industry and the construction and completion of new vessels was authorized. SCAP enlarged the authorized fishing areas to permit full use of additional equipment to assist in meeting the food shortage.

SHELTER

12. Although the need for shelter is not such a matter of life and death for the average Japanese as the food problem, there is a great housing shortage, particularly in the large, bombed-out cities. Tokyo Prefecture had more than 750,000 dwelling units destroyed, 46 percent of its total.

13. Under SCAP control the forest industries have increased production of lumber products. To encourage dwelling construction restrictions have been placed on using lumber for theaters, restaurants and other nonessential buildings. Fifteen percent of Japan's

destroyed dwellings have been replaced since the Occupation began.

The production of cement and other necessary construction materials is hindered by the coal shortage but has slowly increased.

Public Utilities

14. Public utilities have been encouraged and electricity production can now meet current demands. Gas production remains at about a quarter of capacity because of lack of coal. The electric industry has been given preference in coal allocations because much gas is wasted through leaky pipes.

INFLATION AND ITS CONTROL

15. The Japanese economy was ripe for inflation at the time of the surrender. Production of civilian goods had diminished to a trickle by 1945; the cumbersome price and rationing controls by various Ministries of the Japanese Government and control associations, never very effective, had broken down completely; distribution of food to large cities was disrupted; black markets flourished and too much currency was in circulation and its value in commodities was steadily declining.

To the average Japanese family whose real standard of living had diminished throughout the war, these conditions meant that income would not cover basic necessities of life, even if they were available; that their meager diet would result in malnutrition and that they would be unable to replace worn-out clothing and household articles.

Rationing and Price Control

16. SCAP took cognizance of this situation early in the Occupation. In Directive No. 3, 22 September 1945, the Japanese Government was made responsible for initiating and maintaining a firm control over wages and prices of essential commodities, and was required to initiate and maintain a strict rationing program for essential commodities in short supply to assure that such commodities were equitably distributed.

17. It was necessary to re-establish public agencies to assume these necessary functions. As a temporary expedient certain of the ministries and control associations were authorized to continue their control functions. The Economic Stabilisation Board was established by the Japanese Government in May 1946 and shortly thereafter the new Price Board came into being. The latter was given Cabinet status in August 1946.

18. Numerous changes were made to democratize Japanese distribution methods and guard against a disruption of the internal flow of commodities. Commodities which were placed under government price and distribution control are food, clothing, kitchenware, leather and rubber goods, daily necessities such as matches and soap; and basic materials such as coal, petroleum products, cement, lumber and fertilizer. In addition, rents and hotel rates have been controlled.

Wage and Deposit Control

19. The immediate effect of the war's end was deflation of the wages of all except skilled laborers. As the cost of living rose and as labor organizations grew, the pressure for wage and salary increases mounted and "free market" wages rose rapidly.

20. In March 1946 the Japanese Government established a general wage and salary control, co-ordinated with a currency conversion and deposit freeze program. A ¥ 500 limit was placed on wages or salary which could be drawn in a month, with excess going into blocked deposits. Additional withdrawals for dependents' allowances were permitted.

Cost of Living

21. The Government was only partially successful in curbing inflation. During the Occupational year official prices of consumer goods items rose from 200 to 700 percent while the actual cost of living was even greater because of the extent of black-market purchases. Wages and salaries did not keep pace with living costs. In spite of these conditions Japan did not experience "runaway" inflation during the first year of the Occupation and the cost of living appeared to be leveling off in the summer of 1946 as the effect of controls began to be felt.

PUBLIC HEALTH AND WELFARE

22. Marked progress has been made in the prevention of disease and unrest in the civilian population, establishing health control procedures and expediting the establishment of essential public health and welfare activities to meet minimum humanitarian requirements.

Public Welfare

23. The Japanese Government, directed to assume the responsibility of providing adequate food, clothing, shelter and medical care for all indigent persons, is making satisfactory progress, with relief grants exceeding ¥ 41,000,000 to date. Juvenile care is gradually improving.

Extensive nutrition surveys have been conducted to accurately establish the current nutritional status.

Public Health

24. Improved disease control techniques eliminated a threat to the Occupation Forces and averted serious disruption of Japanese economic and social life. Communicable disease and vital statistics reporting have been instituted. The first regular population census was conducted 1 November 1945 and a second census 26 April 1946.

Reorganization and training of sanitary units in the control of disease-carrying vectors have been accomplished and sanitary engineering methods revised. Animal disease control is in effect. Sanitation in connection with meat, food and dairy products has brought encouraging success.

Medical Education

25. Sub-standard medical techniques and practices of the Japanese are being corrected through education programs. In conjunction with these reforms, publication of professional journals has been inaugurated. Improved methods in hospital administration and sanitation are in effect and the number of civilian hospitals has increased 20 percent since the cessation of hostilities.

Medical Supplies

26. Production of medical supplies increased 50 percent and

the nation is nearly self-sufficient in the essential drugs and most biologicals.

The growing, manufacturing and exportation of narcotics is prohibited. Stocks were taken into custody and adequate narcotic legislation was enacted.

To combat venereal disease Japanese health officials have received training in improved methods and the Japanese police with the aid of the Military Police are making periodic round-ups of prostitutes for physical examinations.

DEMOCRATIZATION OF JAPANESE LIFE

Family Structure

27. The feudal nature of the Japanese family structure is notorious. When the war ended the rights of the father as master of the household, the right of primogeniture and the legal and political incompetence of women were accepted concepts in the Japanese Civil Code.

28. The first break in this system came when at the suggestion of SCAP the Imperial Diet extended the right of suffrage to women 20 years of age or more. Although skeptics claimed that women were unable and unwilling to assume a place in politics, 1,000,000 more women than men, or nearly 67 percent of all registered women voters, went to the polls on 10 April and 38 women were elected to the House of Representatives.

29. Further reforms are decreed in Article XIV of the proposed constitution which says: "Marriage shall be based only on the mutual consent of both sexes and it shall be maintained through mutual cooperation with equal rights of husband and wife as a basis. Laws shall be enacted considering choice of spouse, property rights, inheritance, choice of domicile, divorce and other matters pertaining to marriage and the family from the standpoint of individual dignity and the essential equality of the sexes."

30. Measures to protect the family by preventing the economic exploitation of women have also been introduced. By SCAP directive licensed prostitution was abolished and the binding of women by contract to the practice of prostitution was prohibited. Measures to protect the health of employed women and children were revived and reinvigorated.

Industrial Reform

31. During the war the Zaibatsu tightened their practically monopolistic control over industry, more than tripling their assets, while the Government established control associations in almost every major industry with power to fix prices, make allocations, control expansion and consolidate plants.

32. The dissolution of the Zaibatsu thus was essential to democratizing Japan's economic life. To control their activities pending further action SCAP had placed 42 holding companies and 1,121 subsidiaries on the Schedule of Restricted Concerns by the end of the Occupation year.

In July 1946 SCAP ordered the Government to eliminate Zaibatsu family influence, limit intercorporate security holdings and prohibit multiple directorates and contractual, service or patent arrangements which restrain trade or commerce.

The Holding Company Liquidation Commission was established in August 1946 to dissolve Zaibatsu holding companies and to reorgan-

ize their subsidiary companies. Holding companies are to transfer their assets to the Commission and will cease to exercise control over the enterprises affected. The Commission will liquidate companies while protecting the interests of small shareholders.

33. To remove the complete domination of industry by control associations SCAP ordered the Japanese Government in August 1946 to dissolve all such associations, to repeal all pertinent laws and regulations and to create proper agencies within or under the Economic Stabilization Board to allocate materials to specific industries.

Agrarian Reform

34. Most of Japan's farmers work the land as tenants with resulting poverty and insecurity. Japan's prewar land reform programs were of no practical significance because they relied primarily on such principles as self-help and spiritual regeneration.

35. Since the surrender efforts have been directed to eliminating monopolistic control of land and to encouraging small producers. A land reform bill was passed by the Diet in December 1945 but was not adequate to alleviate the unfavorable condition of the farmers. In August 1946 the Cabinet approved a new program of land reform prepared by the Ministry of Agriculture and Forestry and submitted it to the Diet.

This program is a constructive attempt to enable the tenants to become landowners on reasonable terms and to improve conditions for those who will continue to work as tenants. According to the Government's estimates almost 2,000,000 tenant farmers will be able to purchase about 80 percent of the land they now cultivate as tenants.

Labor Reform

36. During the war legislation designed to suppress and regiment labor was passed while protective standards for workers in factories were relaxed.

37. In October 1945 repressive laws barring democratic labor organizations and collective bargaining were abrogated and the "labor front" organizations comprising 8,000,000 regimented workers were dissolved. In December 1945 the first labor union law in Japanese history was promulgated. It established the legal status of labor unions and protected workers from discrimination because of union membership.

As a result of these actions more than 7,000 free labor unions with 3,000,000 members, mostly affiliated with two major national federations, were organized during the first year of the Occupation.

38. A SCAP directive prohibited discrimination in employment by reason of race, nationality or social status.

39. Protective legislation which was suspended during the war was reinstated. Miners' protection was extended to conform to International Labor Organization conventions.

40. Police were eliminated from labor administration and their activities in labor disputes were restricted. A bill to establish machinery for conciliation, mediation and arbitration of labor disputes is being considered by the Diet.

The Constitution

41. The proposed new constitution, passed by the House of Representatives on 24 August 1946 and expected soon to be enacted as the nation's fundamental law, conforms to the most advanced concepts of human relations and is a realistic blending of divergent ideas as to how democracy can best be assured and practiced by a large modern state.

42. Unique as a constitutional provision is the proposal to renounce war as a sovereign right of the nation. The Emperor, deprived of all political functions, will become a mere symbol of the state and of the people's unity; peerage and the Privy Council will be abolished.

The Diet will become the chief organ of legislation, provided with adequate checks to make it impossible for any branch of government to wield autocratic power in defiance of the people's will.

Political Structure

43. The decision to utilize the Japanese Government in carrying out the terms of the Potsdam Declaration made it necessary for SCAP to eliminate all militaristic and ultra-nationalistic elements from public life. This was accomplished by the Purge Directive of 4 January 1946. Under its terms some 186,000 persons who had aided and supported the cause of the militarists were barred from public office.

The Japanese Government itself screens all prospective office-holders to determine their eligibility, but its action is subject to continuous SCAP review. Before the April election the records of all candidates were examined, and after the election the successful candidates were re-examined. Members of the House of Peers were similarly examined and re-examined. With few exceptions, which were detected by SCAP, this method has prevented the re-entry into public life of persons connected with past military regimes.

44. The Purge Directive stimulated the growth of healthy political parties. It made room for new men in politics among both the leaders and the rank and file. These men were able and willing to learn from Japan's defeat, and their influence grew until all parties were fully committed to encouraging the democratic way of life.

45. In the April 1946 election 72 percent of the registered voters went to the polls. Since no party had a majority in the House of Representatives, a coalition of Liberals and Progressives was formed under Prime Minister Shigeru Yoshida. This Government has worked energetically for the passage of the proposed new constitution and has outlined a program of emergency measures to alleviate the economic crisis.

Religion

46. Legal restrictions on religious freedom were removed. Shinto, the state supported, controlled, disseminated and inspired religion which had been an effective tool of the militarists and ultra-nationalists, was purged of all objectionable elements.

Complete separation of the cult from the state was effected. State Shinto doctrines were eliminated from the schools and the use of Shinto symbols for propaganda purposes was forbidden.

47. Christian organizations were freed of wartime restrictions

and the way was opened for the return of missionaries to Japan.

48. The Emperor in his rescript of 1 January 1946 renounced all claims and pretensions to divinity.

Education

49. The educational system was in a state of disruption when hostilities ceased. Most schools had been closed in the spring of 1945. Under the Occupation schools of all levels were reopened. Approximately 18,000,000 students are now attending 40,000 schools.

50. Military schools were closed and military training courses and equipment removed from all schools. The teaching of militaristic and ultra-nationalistic doctrines was forbidden and all such material was deleted from textbooks used in the schools. Courses in geography, Japanese history and morals were suspended until new textbooks were written and approved.

Manuscripts have been written and approved for textbooks to replace those which were used in deleted form. The use of deleted texts was discontinued after 1 August 1946 except in piano and vocational subjects. Permission to reopen geography courses has been granted. The writing of objective textbooks in Japanese history is nearly complete.

51. A SCAP directive of 22 October 1945 outlined the basic steps for the transformation of the Japanese educational system from a highly controlled propaganda machine of the Government into a democratic agency for rebuilding the nation. Militaristic and ultra-nationalistic personnel were progressively eliminated from the teaching profession. Extreme cases were removed by Ministry of Education action or by SCAP directive.

Under SCAP guidance a nationwide program for screening educational personnel for militarism and ultra-nationalism on a democratic basis was initiated and is continuing. Teachers dismissed because of their liberal views are being reinstated.

52. On invitation of the Supreme Commander a mission of leading American educators visited Japan. Assisted by SCAP officials and Japanese educational leaders, the group studied the school system and submitted recommendations for the reorganization of educational administration, courses of instruction, training of teachers, simplification of language and reform of higher education.

53. All media of information were used to inform the Japanese people of Occupation objectives and policies and the role they should play in the reconstruction of the nation. Women were encouraged to organize democratically and to improve their status socially, legally and economically through the political power given them by SCAP order.

PUBLIC SAFETY

Law and Order

54. At the outset of the Occupation the Japanese police maintained satisfactory law and order although there was some increase in crime due mainly to disruption of police communication and transportation facilities and the increased number of displaced persons.

55. By November 1945 a few disturbances were occasioned by food shortages and black-market activities were increasing. Frequent raids were made resulting in many arrests and the confiscation of goods.

Public demonstrations increased as the food shortage grew critical and the police made frequent raids on private hoards of foods. Stiff penalties were meted out.

Imports of American food, summer harvests and the efforts of the Government's food collection and distribution programs relieved the food situation in August 1946 and public disorder and demonstrations reached a new low.

56. On 19 February 1946 military occupation courts were given jurisdiction to try offenses involving "the unauthorized possession, taking, receipt or disposal of property of the Occupation Forces or any member thereof."

57. In May 1946 SCAP issued a warning that demonstrations might be held only in public places and in an orderly manner.

58. Black-market activities in Tokyo culminated in large-scale street fighting in July 1946, whereupon the Tokyo Metropolitan Police ordered all open stalls in the Shimbashi and Shibuya districts closed and the Home Ministry ordered a nation-wide drive to suppress black-market activities.

59. Juvenile delinquency had increased greatly since the beginning of the Occupation and in April 1946 judicial authorities campaigned to increase agencies to assist juvenile delinquents and two days were set aside as juvenile protection days.

Police

60. Under the police and judicial systems existing prior to the Occupation the suppression of individual liberties and the maintenance of oligarchical rule were permitted. The jurisdiction of the police extended into the economic, sociological and opinionative spheres of Japanese society.

61. As a result of the 4 October 1945 Bill of Rights directive a drastic shake-up took place in police organization. The dread "thought police" was abolished and high police officials who had fostered oppressive practices were removed from office.

Reorganization of the police system proceeded gradually in order to maintain adequate law and order. In December the Economic Section of the Metropolitan Police Board was eliminated and in January the Kempei-tai was abolished and its members investigated.

Police schools were started and in March 1946 the first class for policewomen was inaugurated.

62. Two groups of experts were invited to Japan by the Supreme Commander to give aid and advice in democratizing the police system. Principal points of change recommended by the Metropolitan Police Planning Group, headed by former New York City Police Commissioner Lewis J. Valentine, were:

(1) Transfer of control of the Japanese police forces from centralized Home Ministry to local control by municipal authorities.

(2) Establishment of a civil service system for the selection and promotion of police personnel.

(3) Increased wages, promotions on a fair basis, shorter working hours, more appropriate uniforms and equipment, vacation provisions, health benefits, pensions and rewards for meritorious service.

(4) Adequate education and training of police along democratic lines.

(5) Elimination of non-police functions such as press censorship, judicial powers, the regulation of private enterprise, and health, welfare and sanitation functions.

63. A similar group headed by Oscar G. Olander, Commissioner of Michigan State Police, studied the rural police organization. It advocated a separate national police system of rural police removed from the jurisdiction of the metropolitan police organization and suggested complete modernization of rural policing by the use of scientific methods, the establishment of personnel schools and the utilization of modern communication, transportation and laboratory facilities.

Fire

64. Methods of fire prevention and fire fighting have never been fully developed in Japan although the rate of fire incidence has been consistently lower than that of Western countries, due in part to the severity of the fire-responsibility laws in Japan.

65. In surveys of fire-fighting systems in Japan it was generally found that the equipment was outmoded and in need of repair.

66. Numerous demonstrations of fire-fighting technique were given to Japanese fire-fighting organizations by Occupation Forces personnel. A program of publicizing fire prevention was begun in August. Newer methods and equipment are being utilized by fire-fighting organizations in an effort to lower the rising fire incidence rate in Japan.

Prisons

67. Comprehensive surveys have been made of the Japanese prison systems and the Government has initiated measures to remedy current deficiencies.

Civil Censorship and Intelligence

68. Cases of non-compliance or contravention of censorship regulations serious enough to warrant punishment were very few. Violations that occurred generally resulted from misunderstanding of censorship regulations rather than deliberate contravention.

69. In conjunction with censoring current material, the removal of much past antidemocratic and militaristic propaganda was effected. Japanese pre-surrender films were reviewed and censored. All wartime propaganda publications were ordered removed from all warehouses, bookshops, dealers, publishing companies, distributing agents and all commercial establishments and agencies of the Government.

70. A close check of Japanese individuals and organizational activities was maintained and incidents indicating possible subversive tendencies were insignificant. Relations between Occupation Forces personnel and the civil populace have been generally good.

LEGAL AND JUDICIAL AFFAIRS

The Japanese Judiciary

71. The Japanese judicial system continued to function normally, maintaining jurisdiction over everyone except actual Occupation Forces personnel, until February 1946.

72. On 19 February SCAP issued a directive depriving the Japanese courts of civil and criminal jurisdiction over United Nations nationals or their organizations including corporations. The Japanese courts were permitted to exercise jurisdiction over some acts violating Japanese law, subject to review by SCAP.

73. In July 1946 the Provisional Legislation Investigation Committee and the Judicial System Investigation Committee were established by imperial ordinances to investigate and make changes in law and codes necessitated by the new constitution.

Military Occupation Courts

74. On 19 February 1946 the Japanese Government was informed of acts and offenses which would be tried only by military occupation courts.

75. The Commanding General, EIGHTH Army, and the Commander, Naval Activities, Japan were directed by SCAP to appoint military occupation courts including military commissions and provost courts to execute the provisions of the 19 February directive.

76. On 18 March 1946 the Commanding General, EIGHTH Army, directed the Occupation Forces to establish occupation provost courts which will have exclusive jurisdiction over minor crimes committed by civilians of any nationality against the Occupation Forces. The courts began operations in April. Five temporary mobile courts were established to travel through rural districts to dispose of cases long pending.

By August 1946 all cases on the back-log were cleared up and all courts were functioning normally.

PROSECUTION OF WAR CRIMINALS

Class A Suspects

77. Shortly after the Occupation Forces landed in Japan, the apprehension of Class A war criminal suspects, those individuals who allegedly conceived and directed militaristic aggression by Japan, was ordered by SCAP.

The first list of 40 persons designated for arrest included former Prime Minister Hideki Tojo and the 10 members of his Pearl Harbor cabinet. Responsibility for arrests was delegated to the Japanese Government.

On 17 November 1945 the Japanese Government was ordered to apprehend and deliver six generals, three top-ranking officials and two ultra-nationalists affiliated with the Black Dragon Society. Numerous additional arrests during the year brought the total number of apprehensions of Class A suspects to 103.

78. On 7 December 1945, 39 Americans arrived in Tokyo to prepare and prosecute charges of war crimes against these major suspects.

79. Implementing Article 10 of the Potsdam Agreement, the Supreme Commander established the International Prosecution Section on 8 December 1945.

International Military Tribunal

80. The International Military Tribunal for the Far East was established by a Charter issued as General Orders No. 1 on 19 January 1946. Through this Tribunal, as a fact-determining agency, the Supreme Commander is carrying out his responsibilities under the terms of surrender to ascertain and punish the major war criminals of the Far East.

81. The Tribunal is now trying 26 of 28 originally indicted major war crime suspects at the War Ministry building in Tokyo. It is empowered to try and punish war criminals in the Far East who as individuals or members of organizations are charged with individual responsibility for the commission of the following three offenses:

(1) Crimes Against Peace: The planning, preparation, initiation or waging of a declared or undeclared war of aggression, or a war in violation of international law, treaties, agreements or assurances, or participation in a common plan of conspiracy for the accomplishment of any of the foregoing.

(2) Conventional War Crimes: Violations of the laws or customs of war.

(3) Crimes Against Humanity: Murder, extermination, enslavement, deportation and other inhuman acts committed against any civilian population, before or during the war, or persecutions on political or racial grounds in execution of, or in connection with any crime within the jurisdiction of the Tribunal, whether or not in violation of the domestic law of the country where perpetrated.

82. By General Orders No. 7, 15 February 1946, the Supreme Commander appointed nine members of the International Military Tribunal for the Far East, confirming the nominations made previously by participating countries. The Tribunal members appointed were:

Commonwealth of Australia	Sir William Flood Webb
Dominion of Canada	Mr. Justice F. Stuart McDougall
Republic of China	Mr. Ju-Ao Mei
Republic of France	Mr. Justice Henri Reimburger
United Kingdom of Great Britain and Northern Ireland	Lord Patrick
Kingdom of Netherlands	Mr. Justice Bernard Victor A. Roling
Dominion of New Zealand	Mr. Justice Erima Harvey Northcroft
Union of Soviet Socialist Republics	Mr. Justice I. M. Zaryanov
United States of America	Mr. Justice John P. Higgins

83. Sir William Webb, Chief Justice of the Supreme Court of Queensland, Commonwealth of Australia, is president of the Tribunal.

84. The maximum membership of the Tribunal was increased from nine to 11 members to permit the appointment of a member from India and a member from the Philippines. The new members appointed and now serving are:

Mr. Justice R. B. Pal, formerly Judge of the High Court of Calcutta, for India.

Mr. Justice Delfin Jaranilla, member of the Supreme Court of the Philippines, for the Philippines.

85. The United States of America is now represented on the Tribunal by Major General Myron C. Cramer, former Judge Advocate General of the United States Army, who was appointed to succeed Mr. Justice John P. Higgins. The latter resigned to resume his duties as Chief Justice of the Superior Judicial Court of Massachusetts.

Mr. Justice Henri Bernard replaced Mr. Justice Eaimburger as member for France.

Trial of 28 Major Suspects

86. On 29 April 1946 the indictment against 28 of the major suspected war criminals of Japan was filed with the International Military Tribunal. The Tribunal convened on 3 June and on 4 June the chief of prosecution counsel outlined the prosecution's case. The presentation of evidence began on 13 June.

87. The accused:

Sadao Araki: former general, War Minister, member of the Supreme War Council and Education Minister.

Kenji Doihara: former general, commander of Special Service Section in Manchuria, chief adviser to the North China autonomous government and Inspector General of Military Training.

Kingoro Hashimoto: commander of an artillery regiment at the Rape of Nanking and of Japanese forces which shelled the Ladybird and the Panay, a founder of the Imperial Rule Assistance Association and alleged to have been a promoter of plots to remove politicians not considered sufficiently aggressive.

Shunroku Hata: former general, member of Supreme War Council, War Minister and Commander-in-Chief of the Expeditionary Force in Central China from July 1940 to 1944.

Kiichiro Hiranuma: Prime Minister in 1939, former president of the Privy Council and cabinet minister under Konoye.

Koki Hirota: Prime Minister from March 1936 to February 1937 and Foreign Minister under Salto, Okada and Konoye.

Naoki Hoshino: chief of General Affairs in Manchukuo in July 1937, president of Planning Board under Konoye and Chief Secretary and Minister of State under Tojo.

Seishiro Itagaki: former general, Chief of Staff of Kwantung Army and War Minister under Konoye and Hiranuma.

Okinori Kaya: Minister of Finance under Konoye in 1937 and 1938, president of the North China Development Company and Minister of Finance under Tojo.

Koichi Kido: cabinet minister under Konoye and Hiranuma, Lord Keeper of the Privy Seal from 1940 to 1945, chief confidential adviser to the Emperor and chairman of meetings of ex-premiers.

Heitaro Kimura: former general, Chief of Staff of the Kwantung Army, Vice-Minister of War under Konoye and Tojo and Commander-in-Chief of the Japanese Army in Burma in 1944.

Kuniaki Koiso: former general, Prime Minister from July 1944 to April 1945, Chief of Staff of the Kwantung Army, Overseas Minister under Hiranuma and Yonai and Governor General of Korea in 1942.

Iwane Matsui: former general, Commander-in-Chief of Japanese Forces in Central China in 1937 and 1938, member of the Cabinet Advisory Council in 1938 and 1939 and president of the Greater East Asia Development Society.

Yosuke Matsuoka: Foreign Minister under Konoye in 1940 and 1941, chief delegate to the League of Nations Assembly in 1933, and president of the South Manchuria Railway from 1935 to 1939.

Jiro Minami: former general, member of the Privy Council from 1942 to 1945, War Minister in 1931 and Commander-in-Chief of Kwantung Army from 1934 to 1936.

Akira Muto: chief of the Military Affairs Bureau of the War Ministry from 1939 to 1942 and Chief of Staff of the 14th Area Army in the Philippines under Yamashita in 1944.

Osami Nagano: former admiral, Navy Minister under Hirota, Commander-in-Chief of the Combined Fleet in 1937 and member of the Supreme War Council in 1940.

Takasumi Oka: former vice-admiral, chief of the General and Military Affairs Bureau of the Navy from 1940 to 1944 and Vice-Minister of the Navy under Koiso in 1944.

Shumei Okawa: an officer of the South Manchurian Railway alleged to have been an organizer of the Mukden Incident on 18 September 1941 and a propagandist for the expulsion of the white races from Asia by aggressive war.

Hiroshi Oshima: former ambassador to Germany 1938 and 1939 and from 1941 to 1945.

Kenryo Sato: former lieutenant general, Chief of the Military Affairs Bureau of the War Ministry from 1942 to 1944.

Mamoru Shigemitsu: Foreign Minister under Tojo and Koiso from April 1943 to April 1945, and former ambassador to U.S.S.R., Great Britain and Puppet Government of Nanking.

Shigetaro Shimada: former admiral, Navy Minister under Tojo in 1941 and member of Supreme War Council in 1944.

Toshio Shiratori: Ambassador to Italy in 1939 and adviser to the Japanese Foreign Office in 1940.

Teiichi Suzuki: president of the Cabinet Planning Board and Minister without Portfolio under Konoye and Tojo from 1941 to 1943.

Shigenori Togo: Foreign Minister under Tojo from October 1941 to March 1942 and under Suzuki in 1945.

Hideki Tojo: former general, Premier and War Minister from 2 December 1941 to July 1944.

Yoshijiro Umezu: former general, Vice-Minister of War from 1936 to 1938, commander of the Kwantung Army from 1939 to 1944 and Chief of the General Staff in 1944 and 1945.

Of these Yosuke Matsuoka died of tuberculosis on 27 June in Tokyo Imperial Hospital and Shumei Okawa was transferred on 28 August from the Imperial University Hospital to Matsuzawa Hospital for the insane.

88. The case for the prosecution is organized into 11 phases, with associate prosecutors appropriately selected.

89. The prosecution's case began with the first phase defining the background in which Japan began her conquests and naming the treaties and conventions in which her obligations as a signatory power have been violated. The first phase was concluded on 18 June.

90. The second phase, which related to the preparation of Japanese information for war, opened 18 June. Indoctrination of the Japanese people with the spirit of militarism and ultra-nationalism was described and witnesses told how propaganda issued by the Board of Information was angled to justify Japan's position in world affairs and to inflame the minds of the people against "potential enemies."

91. On 1 July the second phase closed and the third phase of the prosecution began, describing how Manchuria was invaded and converted into a land of preferential rights for Japanese subjects and corporations.

On 9 July three telegrams showing that the Mukden Incident was a premeditated action by the Kwantung Army were submitted in evidence.

92. Henry Pu-Yi, puppet ruler of Manchukuo, described how the puppet government was established 1 March 1932. All important positions in the new government were filled by Japanese selected by the Kwantung Army.

93. The fourth phase of the prosecution began on 6 August. In this phase, dealing with all China military aggression, the prosecution produced testimony pointing to four major invasions of China by the Japanese armed forces. The aggression continued until Japan had gained domination over coastal China and the greater part of Eastern China.

Prosecution of Class B and C War Criminals

94. The EIGHTH Army was given the task of establishing military commissions to try Class B and C war criminals and to furnish defense counsel for them. Class B criminals are those who violated the laws and customs of war by murder, ill treatment of prisoners of war or internees, the plunder of private property or the destruction of cities and towns not required by military necessity. Class C criminals are those who have committed murder, exterminated groups of people, enslaved populations or persecuted persons because of their nationality or religious beliefs.

95. SCAP investigators conducted a survey of the 120 prisoner of war camps within Japan preparatory to making charges against suspected war criminals. A special group was organized to gather evidence against the Kempei-tai and the role its members played in war atrocities.

96. Persons being repatriated to Japan were thoroughly investigated and all suspected war criminals were detained.

97. SCAP placed the responsibility for apprehending suspected war criminals on the Japanese Government.

98. Difficulty arose in obtaining live witnesses to testify at the trials and charges have been based largely on documentary evidence.

99. Since the beginning of the war crimes trials in Yokohama on 18 December 1945 48 cases have been completed, involving 78 defendants.

Of these four were acquitted, six were sentenced to death, eight received life imprisonment and the remainder were sentenced to terms ranging from one year to 50 years imprisonment.

100. In the Philippines 122 war criminals have been tried since 29 October 1945 of whom 119 were found guilty and three were acquitted.

5. Next in importance is the textile machine industry which has been fostered to increase production so that Japan may produce goods to pay for food and other necessities imported.

6. The metal industries have slowly increased production but remain at a small fraction of capacity. Much of that capacity was formerly devoted to war production which is now forbidden. Necessary chemical production has been encouraged, but still does not meet minimum needs. Machine tool production has remained low and will not be permitted to regain its wartime peak.

MANUFACTURING

7. The manufacture of consumer goods at the beginning of the Occupation was extremely low. Directive No. 3 to the Japanese Government authorized war and war potential industries to apply for permission to manufacture consumer goods in amounts specified by SCAP. Production resumed slowly for the following reasons:

- (1) Incapability of industrialists, long accustomed to government supervision, to direct production without such supervision.
- (2) Lack of an over-all systematic reconversion plan.
- (3) Shortages of all types of raw materials, fuel, equipment and transportation.

8. Transportation and fuel problems have greatly lessened during the year. Shortages of raw materials and of manufacturing equipment are now the prime limiting factors. Production increased slowly at first but has stepped up rapidly during the last few months.

TEXTILES

9. In the four months following the end of the war Japanese textile production was irregular and uncoordinated. Seventy-five percent of Japan's textile production capacity had been destroyed either through bombing or through the Government's scrapping program designed to obtain metal for munitions.

10. SCAP encouraged rehabilitation of the industry to help ease the world clothing shortage and to prevent disease and unrest in Japan. Textile production was also encouraged to build up credits abroad in order to import foodstuffs, chemicals for fertilizers, raw cotton and other items vital to Japan's minimum economy.

11. Yarns and fabrics accumulated largely for military use are being diverted to industrial consumers with the fishing industry, coal mining and other basic industries being given priority.

12. Distribution of cloth for clothing manufacture follows much the same pattern with workers in agriculture, the marine products and chemical fertilizer industries and coal mining receiving 100 percent of requirements and other industries smaller allotments in proportion to their importance to the Japanese economy.

Production

13. Output of primary textile products has more than tripled since January but is still only a small fraction of even the present reduced potential of the industry.

SECTION 3
ECONOMIC PROGRESS

C O N T E N T S

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Communications	36
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COAL

1. Of fuels necessary to operate Japan's minimum peacetime economy, coal is by far the most important. Nearly all industries depend on coal, and most of them have been limited by the coal shortage. During the war equipment deteriorated and producing veins were exploited while exploratory work was neglected.

Since the Occupation coal mines have received high priorities on necessary equipment and coal miners have been allowed larger rice rations than the rest of the population. As a result production has steadily increased, reaching a peak of 72,800 metric tons per day in August 1946.

Other Fuels

2. Production of other fuels has been encouraged. Petroleum production has increased and SCAP has encouraged the drilling of new wells.

HEAVY INDUSTRIES

3. The most important problem being the food shortage, Japan's heavy industries were authorized to operate in proportion to their importance in feeding the Japanese people. All peacetime production was encouraged and several hundred plants were permitted to reconvert, but coal and critical materials were channeled to industries which support agriculture.

4. The most important heavy industry during the year has been fertilizer, whose production has been emphasized to help relieve the food shortage. Salt production and shipbuilding and repair have also been especially encouraged for the fishing industry.

5. Next in importance is the textile machine industry which has been fostered to increase production so that Japan may produce goods to pay for food and other necessities imported.

6. The metal industries have slowly increased production but remain at a small fraction of capacity. Much of that capacity was formerly devoted to war production which is now forbidden. Necessary chemical production has been encouraged, but still does not meet minimum needs. Machine tool production has remained low and will not be permitted to regain its wartime peak.

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14. The first shipments of imported American cotton, part of more than 800,000 bales to be shipped in 1946, arrived in June just as the mills were exhausting the last of the military stockpile accumulated during the war. A sharp upswing in yarn production took place in July, but output was still only a sixth of the industry's potential.

Since the world shortage of textiles is acute, virtually all of the manufactures from this cotton are earmarked for export. Releases to the Japanese have been only for urgent industrial requirements.

15. Japan is being encouraged to reel and export every possible pound of silk. In addition all postwar stocks of raw silk and silk fabrics have been frozen for possible export.

16. Japanese rayon yarn and rayon staple production is now about five percent of the prewar peak when Japan supplied almost a third of the world's rayon. In anticipation of a renewed world demand, the rayon industry is being encouraged to produce as much as the shortage of raw materials and fuel will allow.

17. Uncertainty as to future supplies and markets has restricted activity of the woolen industry.

TRANSPORTATION

Rail Transportation

18. During the war the rail system sustained relatively slight damage from bombings and remained substantially intact. Operations suffered from such factors as overtaxing of capacities, insufficient maintenance, nonreplacement of parts and withdrawal of personnel, supplies and materials for military purposes.

19. The railways by the beginning of the Occupation had become the backbone of the transportation system because of the disrupted condition of coastwise shipping and shortages of operable motive products. The condition of the railroads at that time was adequate although the need for maintenance and rehabilitation including renovation and construction to existing lines, systems and stations as well as rolling stock was becoming acute.

20. The increase in the capacity of the railroads to handle both freight and passenger traffic has been noteworthy. Factors contributing to this have been: progress in repair and construction of rolling stock; improvement of track and road bed; restoration of essential facilities; and improved labor conditions.

21. Throughout the first year of the Occupation the transportation requirements of the Occupation Forces have been adequately met.

22. In order to bring earnings and operating costs into balance freight rates were increased by approximately 300 percent and passenger fares by approximately 250 percent on 1 March 1946.

Motor Transportation

23. There was a decided decrease in motor vehicles during the war due to insufficient maintenance and war damage. The marked difference evident between the number of vehicles existing and the number operable was caused by shortages of repair parts, shortages of gasoline, oil or substitutes, and the lack of mechanics and drivers.

24. During the first year of the Occupation the number of vehicles existing has increased from approximately 71,000 to approximately 104,500 due largely to the release of military vehicles for civilian use. It is estimated that 53 percent of those existing at present are in actual service whereas a year ago less than 15 percent were operable.

Water Transportation

25. At the time of the surrender the merchant fleet had been reduced to one-third its prewar strength. The fleet consisted of vessels built in wartime and old vessels which were in poor condition.

26. Shipping during the first year of the Occupation has been confined primarily to use in repatriation of Japanese to the Home Islands and Koreans and Chinese to the Asiatic Mainland, with small amounts being engaged in the coastwise shipping of essential commodities. These activities have been conducted in ships loaned by the Allied Powers as well as in disabled tonnage which has been consistently repaired throughout the year.

LABOR

27. An occupational registration of 1 December indicated a labor force of 28,269,702 persons, 3,336,750 of whom were unemployed. At the conclusion of the first year of the Occupation the labor force had increased to about 30,000,000 of which 5,600,000 were not employed. The repatriation of substantial numbers of Japanese from overseas areas as well as the adjustment to a peacetime economy involving the cancellation of war-indemnity claims, designation of plants for reparations and discharge of surplus employees are the main factors contributing to this growth.

28. The supply of Japanese labor for the Occupation Forces has remained satisfactory throughout the year.

29. Early in the year labor exchanges were reorganized to conform to the organizational pattern of the United States Employment Service to counter unemployment. The labor exchanges have been generally active and widely used by employers in procuring labor.

30. Absenteeism among the employed labor force was extensive as food shortages in urban areas compelled workers to go to the country in search of food. Many industries initiated food-buying holidays affording employees an opportunity to seek food. This practice was extended to government workers. With the release of food imports to workers this situation has been alleviated.

31. The first large scale vocational training program consisting of a three-year plan designed to train 600,000 persons yearly at an annual cost of ¥ 250,000,000 in the fields of construction, agriculture, fishing, mining, handicraft and office work has been completed by the Ministry of Health and Welfare. The trainees, who are to include ex-servicemen and war workers, are to be instructed in 4,711 classes of three to six months' duration. Consumer goods produced in the training classes are to be marketed through regular distribution channels.

PUBLIC WORKS PROGRAM

32. To relieve unemployment and increase consumer goods, SCAP ordered the Japanese Government to initiate a public works program to

provide from 1,000,000 to 1,250,000 man-years of employment. The program is designed to employ about 2,000,000 persons on productive projects.

33. The program includes three specific projects calculated to improve the supplies of food and coal. The reclamation of sufficient land to produce an additional 20,000,000 bushels of wheat in 1947 is under way. Construction of roads to coal and timber reserves will make available substantial stockpiles which are now inaccessible. Extension of feeder power lines to coal mines will save about 12 percent of the coal mine output presently consumed at the mines for power.

34. Consideration in these programs is given to providing work for as many unemployed as can be usefully occupied on programs that will directly contribute to economic recovery and physical reconstruction.

35. All employees on public works projects are referred by public labor exchanges.

COMMUNICATIONS

Services to Occupation Forces

36. The Japanese radio and wire communications systems have been widely used in the service of the Occupation Forces. Radiotelegraph service between Japan and the United States and the British Commonwealth and radiotelephone service from Japan to the United States were opened for Allied military and accredited civilian personnel. The domestic radio system has been utilized in broadcasting programs to Occupation Forces personnel for morale, educational and information purposes. Provision was made for Japanese radio navigational aids for Occupation Forces aircraft. Japanese facilities, materials and personnel have been used extensively in providing telephone service for military establishments and troop and dependent housing. The Japanese toll telephone system is used to supplement the Occupation Forces communications system.

37. Japanese radio station frequencies have been reassigned to prevent interference with radio services of the Occupation Forces.

Demilitarization and Democratization

38. All fixed radio stations and telegraph and telephone offices of the former Japanese Army and Navy have been closed, dismantled or converted to use by the Occupation Forces, the Japanese Demobilization Board or the domestic communications system.

39. Stocks of communications equipment and supplies in the hands of the former Japanese Army and Navy have been assembled, inventoried and in large part distributed for use by the public communications systems.

40. The military provisions of Japanese laws relating to communications were rescinded.

41. The Broadcasting Corporation of Japan, the sole broadcasting agency in Japan, was freed of Japanese Government program control and militaristic and ultranationalistic influences. It has been reorganized under a revised charter and its key personnel screened to assure control and operation as a free and democratic institution.

42. The managements of the Japanese Government communications system, the Broadcasting Corporation of Japan and the International Telecommunications Company conducted collective bargaining with

their employees. The All-Japan Communications Employees' Union, with a claimed membership of 400,000, became the largest single union in Japan.

Radio Controls

43. SCAP directed the Government to establish and maintain controls over the licensing, assignment of frequencies, and operations of all radio stations. SCAP approval of licenses for stations and frequencies was required. A monitoring system was established.

44. Radiotelegraph point-to-point stations and auxiliary radio facilities of the Japanese Government in excess of requirements for providing Occupational and domestic Japanese services have been closed or dismantled.

45. In order to implement control measures, a complete inventory was taken of all radio stations in Japan. Complete records of stations operated had not been maintained previously by any one agency of the Japanese Government.

Repatriation Services

46. Beamed radio broadcasts to the Asiatic Mainland and ship-to-shore radiotelegraph service were established for orienting and giving instructions to Japanese nationals awaiting repatriation and enroute to the Home Islands.

47. Radiotelegraph networks were established to link demobilization and repatriation centers within Japan. This was essential because the wire communications services were inadequate.

48. Restricted mail service between Japanese nationals in the Home Islands and those overseas awaiting repatriation was inaugurated.

Foreign Press Service

49. Beamed radiotelegraph newscasts from Japan to San Francisco, Honolulu, Manila, Shanghai, Hongkong and Singapore were established. The reception of radiotelegraph newscasts from the United States was arranged.

50. Press radiotelegraph message service between Japan and other countries was authorized on all circuits reopened during the Occupation and continued on all circuits operating at the beginning of the Occupation.

Services to the Public

51. Domestic point-to-point radio services as required to maintain essential governmental services and to meet the minimum needs of the internal economy and domestic radio broadcasting, after being freed of propaganda, were continued.

52. Radiotelegraph circuits between Japan and Paris and Moscow have been reopened. Radiotelegraph circuits between Japan and Geneva and Stockholm and submarine telephone and telegraph circuits between Japan and Korea remained in operation.

53. An estimated 30 percent of the telephones lost or destroyed during the war have been replaced.

54. The domestic postal system, which suffered extreme deterioration and disorganization during and following the war, improved. The system includes the mail, postal savings deposit, postal savings

life insurance and annuity, money order and postal savings transfer services.

Postal savings and insurance records, large numbers of which were destroyed during the war, have been partially restored.

55. Japanese nationals repatriated from former Japanese occupied areas have been permitted to make limited postal savings withdrawals from accounts opened in those areas.

Rates

56. Postal, telegraph and telephone rates and radio listeners' fees were raised to the extent necessary to cover increased wages and material costs.

Construction

57. Construction expenditures from the beginning of the Occupation through 30 June 1946 in excess of ¥ 200,000,000 represent only a small fraction of the replacement costs of war damage and deferred maintenance existing at the end of the war. The book value of war damage and deferred maintenance in the Government's communications system alone at the end of the war amounted to more than ¥ 300,000,000 and replacement costs, because of increased wage and materials costs, are several times greater.

Communications Equipment Manufacturing

58. Reopening and conversion to peacetime production of essential communications equipment manufacturing establishments, which suspended operations at the end of the war, have been promoted. Production has been increased to meet current requirements of the postal, telecommunications and broadcasting systems. The production of radio receivers was increased in recognition of the need for assuring complete reception by the Japanese public of news and other broadcasts.

Establishment of Ministry of Communications

59. The government agency charged with the administration of the postal, telephone and telegraph systems was elevated from the status of a Board to a Ministry. This provides assurance that the needs of the domestic economy for an efficient civil communications system will be fully considered by the Japanese Cabinet.

FINANCE

Money and Banking

60. During the war the abandonment of sound banking principles in financing the war effort weakened certain banks. The amount of currency in circulation had been steadily increasing.

61. Since the Occupation began, comprehensive foreign exchange controls have been instituted which tend to minimize the loss of foreign exchange assets to Japan and to prohibit the introduction of valueless assets. The stock exchange was closed. Financial institutions especially created to finance the Japanese war effort and to aid in the exploitation of occupied countries have been closed.

and are being liquidated. Steps have been taken to develop a free and independent banking system and to establish sound lending and investment practices.

62. The amount of Bank of Japan notes in circulation continued to increase and on 20 February 1946 reached a new high of ¥ 61,450,000,000. At the end of February the Japanese Government adopted a program to convert the currency and place all but small sums in blocked accounts from which withdrawals would be allowed only for living expenses and essential business expenses. This procedure greatly reduced the amount of currency outstanding. Since 9 March 1946 deficit financing, deposit withdrawals and borrowing by banks have resulted in a steady rise in the amount of currency in circulation to ¥ 55,358,000,000 on 20 August.

Public Finance

63. At the time of surrender the Ministry of Finance and other fiscal divisions of the Government were in reasonably good operating condition. Direct military expenditures comprised 85 percent of the current budget. The national debt exceeded the estimated national income.

64. Incurring further obligations for the war effort ceased with the Occupation. Measures were taken to stop uncontrolled government expenditures, to curb reckless borrowing, to finance government deficits from noninflationary sources and to freeze payments due on war contracts, war damage insurance and similar obligations arising from war guarantees. Budgetary techniques of the Government were improved.

65. Plans were prepared for the revision of the general tax structure to obtain increased revenue and to secure a more equitable tax system. The revised Japanese tax program increases rates and abolishes certain special taxes. It will have the effect of taxing out of existence the larger and most important part of war insurance and indemnity claims against the Government.

Property Control

66. Since the Occupation began, procedures have been established to obtain information on all types of property. Data on Allied, foreign, Japanese and looted properties have been received, tabulated and analyzed. Several looted properties have been returned to their rightful owners.

67. Precious metals and jewels were placed in custody. Releases of limited amounts have been authorized for specific purposes essential to the Japanese economy.

REPARATIONS

68. The first specific designation of properties to be considered for reparations was made on 20 January 1946. A SCAP directive listed aircraft factories, military and naval arsenals and research laboratories to be placed under SCAP custody and control. Their protection and maintenance was made a responsibility of the Japanese Government. Additions and deletions to the list have been made from time to time and it now contains 504 installations.

69. SCAP directives of 13 August 1946 placed under custody 303 plants in eight industrial categories. All privately-owned munitions plants were listed for reparations. In the seven other industrial fields the Japanese were allowed to retain capacities

essential to the minimum economy of the country.

Scientific and Technical

70. Since September 1945, scientific activities in Japan have been investigated by SCAP. Laboratories, research institutes and scientific and technical organizations were required to submit monthly reports on their activities. SCAP representatives have been investigating these activities and by the end of August had inspected 886 scientific and technical organizations.

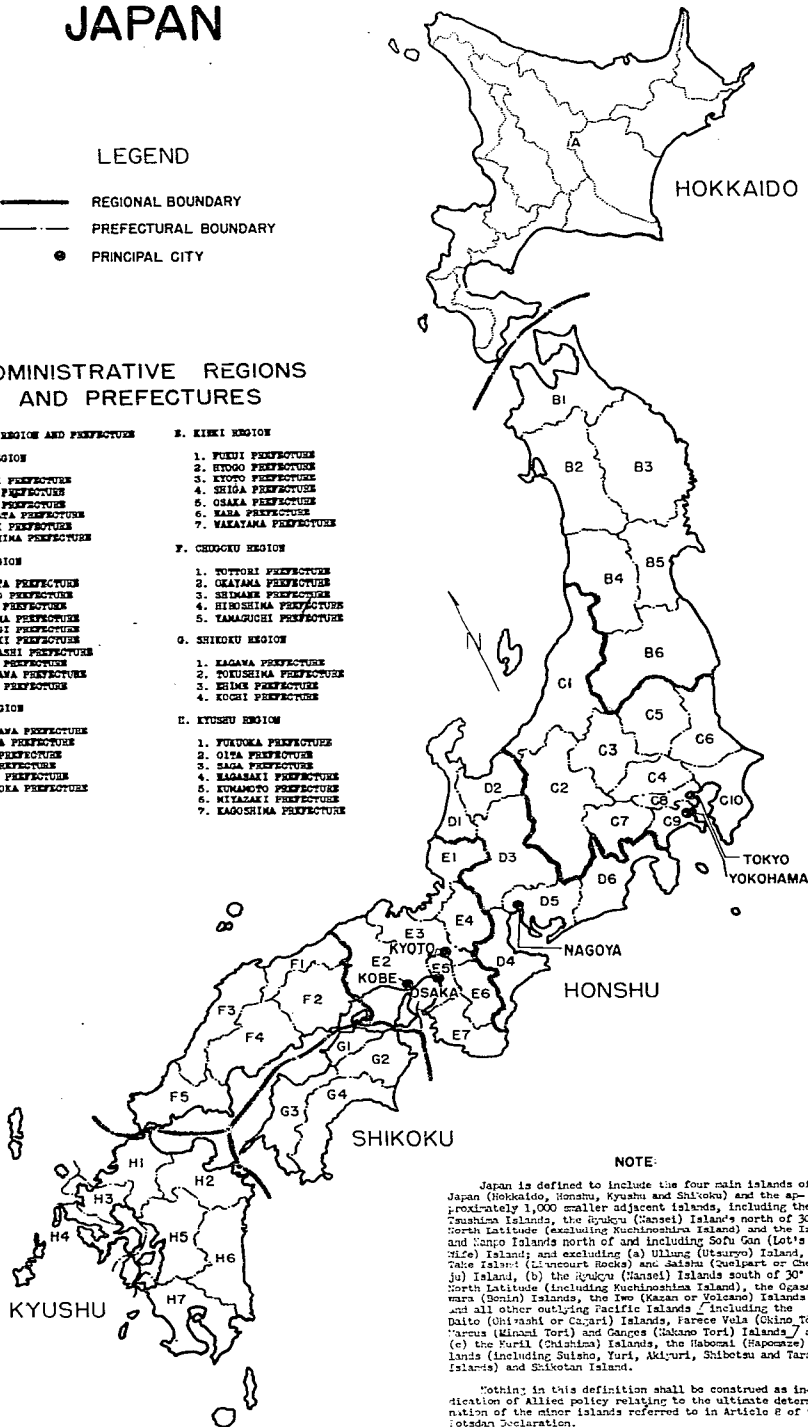
JAPAN

LEGEND

- REGIONAL BOUNDARY
- - - PREFECTURAL BOUNDARY
- PRINCIPAL CITY

ADMINISTRATIVE REGIONS AND PREFECTURES

- | | |
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| <p>A. HOKKAIDO REGION AND PREFECTURE</p> <p>B. TOHOKU REGION</p> <ol style="list-style-type: none"> 1. AOMORI PREFECTURE 2. AKITA PREFECTURE 3. IMAI PREFECTURE 4. YAMAGATA PREFECTURE 5. MIYAGI PREFECTURE 6. FUKUSHIMA PREFECTURE <p>C. KANTO REGION</p> <ol style="list-style-type: none"> 1. NIIGATA PREFECTURE 2. NAGANO PREFECTURE 3. GUNMA PREFECTURE 4. SAITAMA PREFECTURE 5. TOCHIGI PREFECTURE 6. IBARAKI PREFECTURE 7. YAMANASHI PREFECTURE 8. TOKYO PREFECTURE 9. KANAGAWA PREFECTURE 10. CHIBA PREFECTURE <p>D. TOKAI REGION</p> <ol style="list-style-type: none"> 1. IZUMI PREFECTURE 2. YAMANASHI PREFECTURE 3. Gifu PREFECTURE 4. MIE PREFECTURE 5. AICHI PREFECTURE 6. SHIZUOKA PREFECTURE | <p>E. Kinki REGION</p> <ol style="list-style-type: none"> 1. FUKUI PREFECTURE 2. SHIGA PREFECTURE 3. KYOTO PREFECTURE 4. SHIGA PREFECTURE 5. OSAKA PREFECTURE 6. NARA PREFECTURE 7. WAKAYAMA PREFECTURE <p>F. CHUGOKU REGION</p> <ol style="list-style-type: none"> 1. TOTTORI PREFECTURE 2. OYAMA PREFECTURE 3. SHIMANE PREFECTURE 4. HIROSHIMA PREFECTURE 5. TAMAGUCHI PREFECTURE <p>G. SHIKOKU REGION</p> <ol style="list-style-type: none"> 1. KAGAWA PREFECTURE 2. FUKUSHIMA PREFECTURE 3. EHIME PREFECTURE 4. KOCHE PREFECTURE <p>H. KYUSHU REGION</p> <ol style="list-style-type: none"> 1. FUKUOKA PREFECTURE 2. OITA PREFECTURE 3. SAGA PREFECTURE 4. NAGASAKI PREFECTURE 5. KUMAMOTO PREFECTURE 6. MIYAZAKI PREFECTURE 7. KAGOSHIMA PREFECTURE |
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NOTE:

Japan is defined to include the four main islands of Japan (Hokkaido, Honshu, Kyushu and Shikoku) and the approximately 1,000 smaller adjacent islands, including the Tanishima Islands, the Ryukyu (Ryuzo) Islands north of 30° North Latitude (excluding Kuchino-shira Island) and the Izu and Bungo Islands north of and including Soya Gun (Lof's Wife) Island; and excluding (a) Ullung (Utsuryo) Island, Take Island (Takemura Rocks) and Saishu (Seispart or Chiju) Island, (b) the Ryukyu (Ryuzo) Islands south of 30° North Latitude (including Kuchino-shira Island), the Ogasawara (Bonin) Islands, the Iwo (Kazan or Mikoto) Islands and all other outlying Pacific Islands (including the Daito (Okinashi or Caspari) Islands, Farece Vela (Okino Tori), Marcus (Mitsunashi) and Ganges (Mitsunashi) Islands) and (c) the Furil (Chishima) Islands, the Rabonai (Haponaze) Islands (including Suisho, Yuri, Akiyuri, Shibetsu and Taraku Islands) and Shikotan Island.

Nothing in this definition shall be construed as indication of Allied policy relating to the ultimate determination of the other islands referred to in Article 8 of the Potsdam Declaration.

外務省記録

リール NO. A-0082

END

外務省文書課